



Interim Financial Results
For the 4th Quarter ended
31 Dec 2022

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22 February 2023



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Revenue	105,477	61,521	337,953	326,141
Cost of sales	(89,387)	(43,160)	(278,380)	(273,128)
Gross profit	16,090	18,361	59,573	53,013
Other income	4,343	7,512	7,577	10,633
Operating costs	(12,194)	(10,869)	(34,846)	(32,114)
Finance cost	(3,290)	(2,103)	(8,989)	(5,936)
Share of profit/(loss) of a joint venture	(569)	160	(158)	834
Share of profit/(loss) of an associate	221	(94)	541	77
Profit before tax	4,601	12,967	23,698	26,507
Tax expense	1,016	(7,644)	(2,864)	(9,651)
Profit for the financial period	5,617	5,323	20,834	16,856
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial period	5,617	5,323	20,834	16,856
Attributable to:				
Owners of the parent	5,640	5,336	20,813	16,538
Non-controlling interests	(23)	(13)	21	318
	5,617	5,323	20,834	16,856
Earnings per ordinary share attributable to equity holders of the Company (sen) :				
- Basic	1.04	0.98	3.83	3.05
- Diluted	0.85	0.81	3.14	2.50

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

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

	(UNAUDITED) AS AT 31 December 2022 RM'000	(AUDITED) AS AT 31 December 2021 RM'000 (Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	25,901	27,760
Investment properties	30,813	31,815
Investment in a joint venture	882	1,040
Investment in an associate	4,153	3,660
Deferred tax assets	3,269	3,220
Intangible assets	27,355	27,355
	<u>92,373</u>	<u>94,850</u>
Current assets		
Inventories	319,911	318,285
Trade and other receivables	142,397	187,035
Contract assets	673,876	585,913
Other investment	1,389	306
Current tax assets	193	1,300
Short term funds	168	253
Cash and bank balances	150,159	155,939
	<u>1,288,093</u>	<u>1,249,031</u>
TOTAL ASSETS	<u>1,380,466</u>	<u>1,343,881</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	149,901	128,811
	<u>504,087</u>	<u>482,997</u>
Non-controlling interests	<u>1,933</u>	<u>2,108</u>
TOTAL EQUITY	<u>506,020</u>	<u>485,105</u>
Non-current liabilities		
Borrowings	408	582
Lease liabilities	1,204	2,240
Deferred tax liabilities	936	1,642
	<u>2,548</u>	<u>4,464</u>
Current liabilities		
Trade and other payables	533,461	572,580
Contract liabilities	32,931	5,668
Borrowings	264,018	273,297
ICP/IMTN Programme	38,601	-
Lease liabilities	1,680	2,284
Current tax liabilities	1,207	483
	<u>871,898</u>	<u>854,312</u>
TOTAL LIABILITIES	<u>874,446</u>	<u>858,776</u>
TOTAL EQUITY AND LIABILITIES	<u>1,380,466</u>	<u>1,343,881</u>
Net assets per share attributable to owners of the parent (RM)	0.93	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.

22 February 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

	I-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----I					
	I-----Non-distributable-----I		Distributable		Non-	
	Share	Treasury	Retained	Total	controlling-	Total
	capital	shares	earnings		interests	equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022 (Restated)	355,613	(1,427)	128,811	482,997	2,108	485,105
Profit for the financial period /						
Total comprehensive income for the period	-	-	20,813	20,813	21	20,834
Dividend paid	-	-	-	-	(95)	(95)
Share capital reduction	-	-	-	-	(235)	(235)
Arising from increase in equity interest from subsidiary	-	-	277	277	134	411
	-	-	21,090	21,090	(175)	20,915
Balance as at 31 December 2022	355,613	(1,427)	149,901	504,087	1,933	506,020
	I-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----I					
	I-----Non-distributable-----I		Distributable		Non-	
	Share	Treasury	Retained	Total	controlling-	Total
	capital	shares	earnings		interests	equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2021 (Restated)	325,546	(1,427)	111,154	435,273	6,614	441,887
Prior year adjustment	-	-	1,119	1,119	-	1,119
Profit for the financial period /						
Total comprehensive income for the period	-	-	16,538	16,538	318	16,856
Dividend payable	-	-	-	-	(4,824)	(4,824)
Private placement	30,153	-	-	30,153	-	30,153
Share issue expenses	(86)	-	-	(86)	-	(86)
	30,067	-	16,538	46,605	(4,506)	42,099
Balance as at 31 December 2021 (Restated)	355,613	(1,427)	128,811	482,997	2,108	485,105

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 FOURTH QUARTER ENDED 31 DECEMBER 2022**

22 February 2023



	Current Period Ended 31 December 2022 RM'000	Preceding Period Ended 31 December 2021 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	23,698	26,507
Adjustments for :		
Depreciation of property, plant and equipment	7,175	7,083
Fair value (gain)/ loss on:		
- Other investment	(1,083)	768
- Short term fund	-	(2)
Reversal of impairment losses of trade and other receivables	(1,387)	(6,885)
Reversal of impairment losses of property, plant and equipment	-	(1,055)
Loss on disposal of property, plant and equipment	-	4
Gain on lease modification	-	(4)
Impairment losses on:		
- Trade and other receivable	5,642	3,554
Interest expense	8,989	7,658
Interest income	(2,779)	(1,264)
Share of (profit)/loss of a joint venture	158	(834)
Share of profit of an associate	(541)	(77)
Operating profit before changes in working capital	39,872	35,454
Changes in working capital:		
Inventories	(1,276)	(2,565)
Trade and other receivables	(47,578)	(44,060)
Trade and other payables	(12,054)	21,315
Cash used in operating activities	(21,036)	10,144
Interest paid	(8,792)	(3,815)
Interest received	2,779	1,266
Tax paid	(1,733)	(1,337)
Tax refunded	7	1,312
Net cash used in operating activities	(28,775)	7,570
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary:		
- Subsidiary for cash, net of cash acquired	(5)	-
Dividend received from associate	49	-
Dividend received from joint venture	-	1,500
Purchase of property, plant and equipment	(4,290)	(5,986)
Purchase of investment property	-	(4)
Proceeds from disposals of property, plant and equipment	-	14
Withdrawals/(Placements) of fixed deposits pledged	9,118	(41,629)
Reduction in share capital of non-controlling interest of a subsidiary	(235)	-
Net cash generated from / (used in) investing activities	4,637	(46,105)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of share from private placement	-	30,153
Share issue expenses	-	(86)
Dividend paid to non-controlling interest of a subsidiary	(95)	(4,824)
Repayment of lease liabilities	(1,665)	(3,138)
Drawdowns of term loans	50,483	82,134
Repayments of term loans	(73,555)	(26,641)
Drawdowns of revolving credits	10,000	-
Repayment of revolving credits	(10,300)	(108)
Drawdown of ICP/IMTN programme	38,601	-
Net cash (used in) / generated from financing activities	13,469	77,490
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(10,669)	38,955
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(161,861)	(200,815)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(172,530)	(161,861)

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

	As at 31 December 2022 RM'000	As at 31 December 2021 RM'000
Cash and bank balances	13,660	10,322
Fixed deposits with licensed banks	136,499	145,617
Short term funds	168	253
	150,327	156,192
Less : Bank overdrafts included in borrowings	(88,013)	(92,395)
Trade line with facilities included in borrowings	(98,345)	(80,041)
Fixed deposits pledged	(136,499)	(145,617)
Total cash and cash equivalents	(172,530)	(161,861)

GABUNGAN AQRS BERHAD

(Company No: 201001028608 (912527-A))

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the Fourth Quarter ended 31 December 2022

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

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

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

A2. Changes in Accounting Policies

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

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

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

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

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

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

Description	Effective for annual periods beginning or after
MFRS 17 Insurance Contracts and Amendments to MFRS 17	1 January 2023
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A3. Qualification of Financial Statements

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

A4. Seasonal or Cyclical Factors

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

A5. Nature and Amount of Unusual Items

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

A6. Nature and Amount of Changes in Estimates

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

A7. Issuance and Repayment of Debt and Equity Securities

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

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

A8. Dividend Paid

No dividend has been paid during the current quarter.

A9. Segmental Information

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

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

(i) Construction

Securing and carrying out construction contracts.

(ii) Property development

Development of residential and commercial properties.

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

A9. Segmental Information (Cont'd)

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

12 months ended 31 December 2022	Construction RM'000	Property Development RM'000	Other RM'000	Inter-segment Elimination RM'000	Total RM'000
Segment Revenue					
External	206,462	130,291	1,200	-	337,953
Inter-segment	76,044	-	6,707	(82,751)	-
Total revenue	282,506	130,291	7,907	(82,751)	337,953
Interest income	4,096	459	3,413	(5,189)	2,779
Finance cost	(5,117)	(5,598)	(3,730)	5,456	(8,989)
Net finance expense	(1,021)	(5,139)	(317)	267	(6,210)
Share of profit of an associate	541	-	-	-	541
Share of profit of a joint venture	-	-	(158)	-	(158)
Segment profit/(loss) before taxation	6,367	16,815	(6,116)	6,632	23,698
Taxation	(1,803)	(541)	(504)	(16)	(2,864)
Segment profit/(loss) after taxation	4,565	16,275	(6,622)	6,616	20,834
Other material non-cash item:					
- Depreciation	(6,161)	(441)	(1,995)	1,422	(7,175)
Additions to non-current assets other than financial instruments and deferred tax assets	3,998	33	135	-	4,166
Segment assets	974,405	564,375	567,830	(726,144)	1,380,466
Segment liabilities	719,486	492,194	136,411	(473,645)	874,446
12 months ended 31 December 2021 (Restated)					
Segment Revenue					
External	265,047	57,354	3,740	-	326,141
Inter-segment	81,279	-	12,675	(93,954)	-
Total revenue	346,326	57,354	16,415	(93,954)	326,141
Interest income	3,768	127	1,647	(4,278)	1,264
Finance cost	(3,124)	(4,580)	(2,763)	4,531	(5,936)
Net finance expense	644	(4,453)	(1,116)	253	(4,672)
Share of loss of an associate	77	-	-	-	77
Share of profit of a joint venture	-	-	834	-	834
Segment profit/(loss) before taxation	40,800	(11,247)	3,657	(6,703)	26,507
Taxation	(9,305)	670	(1,016)	-	(9,651)
Segment profit/(loss) after taxation	31,495	(10,577)	2,641	(6,703)	16,856
Other material non-cash item:					
- Depreciation	(6,088)	(453)	(1,992)	1,450	(7,083)
Additions to non-current assets other than financial instruments and deferred tax assets	5,927	10	23	-	5,960
Segment assets	947,849	496,775	529,102	(629,846)	1,343,881
Segment liabilities	697,166	437,692	87,948	(364,030)	858,776

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 Dec 22 RM'000	As at 31 Dec 21 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	121,230	123,812

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 (4 th Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31/12/2022	31/12/2021		31/12/2022	31/12/2021	
	RM'000	RM'000 (Restated)		RM'000	RM'000 (Restated)	
Revenue	105,477	61,521	71.4	337,953	326,141	3.6
Profit Before Tax	4,601	12,967	(64.5)	23,698	26,507	(10.6)
Profit After Taxation	5,617	5,323	5.5	20,834	16,856	23.6

The Group reported revenue of RM105.5 million in 4Q22, representing a 71.4% increase compared to 4Q21. Our reported PAT for the current quarter stood at RM5.6 million, representing a 5.5% increase compared to 4Q21.

The Group's operating costs for 4Q22 stood at RM12.2 million, representing a 12.2% increase or RM1.3 million increase compared to 4Q21, which was mainly driven by the impairment losses for trade receivables amounting to RM3.7 million. Cumulatively in FYE 2022, the Group's operating costs stood at RM34.8 million, increasing by 8.5% or RM2.7 million compared to FYE 2021.

Cumulatively in FYE 2022, the Group registered revenue of RM338.0 million, representing a 3.6% increase year-on-year, PAT for FYE 2022 stood at RM20.8 million, representing a 23.6% increase compared to FYE 2021.

Construction segment

	Individual Period (4 th Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31/12/2022	31/12/2021		31/12/2022	31/12/2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	81,956	93,365	(12.2)	282,506	346,326	(18.4)
Profit Before Tax	(6,351)	30,290	(120.9)	6,367	40,800	(84.4)
Profit After Taxation	(5,019)	23,592	(121.3)	4,565	31,495	(85.5)

The construction division reported a revenue of RM82.0 million in 4Q22, compared to RM93.4 million in 4Q21. Revenue in the current quarter was mainly contributed by the Sungai Besi Ulu Kelang (SUKE), Light Rail Transit 3 (LRT3), E'Island Lake Haven and Teringin Sentral construction projects. The division's LAT stood at RM5.0 million in 4Q22, compared to profit of RM23.6 in 4Q21.

Cumulatively for FYE 2022, the construction division reported revenue of RM282.5 million with a corresponding PAT of RM4.6 million, representing a year-on-year decrease of 85.5% compared to FYE 2021.

B1. Review of Performance (Cont'd)

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

Property Development segment

	Individual Period (4 th Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31/12/2022	31/12/2021		31/12/2022	31/12/2021	
	RM'000	RM'000 (Restated)		RM'000	RM'000 (Restated)	
Revenue	54,289	(2,942)	1,945.3	130,291	57,354	127.2
Profit Before Tax	8,275	(15,975)	169.1	16,815	(11,247)	249.5
Profit After Taxation	8,221	(15,305)	153.7	16,275	(10,577)	253.8

The property development division reported revenue of RM54.3 million in 4Q22 with a corresponding PAT of RM8.2 million. Revenue in the current quarter was mainly contributed by the E'Island Lake Haven development.

Cumulatively for FYE 2022, the property development division reported revenue of RM130.3 million with a corresponding PAT of RM16.3 million, representing a year-on-year increase of 253.8% compared to FYE 2021.

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

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/12/2022	30/9/2022	
	RM'000	RM'000	
Revenue	105,477	81,669	29.2
Profit Before Tax	4,601	6,025	(23.7)
Profit After Tax	5,617	4,185	34.2

Overall, the Group's revenue and profit after tax for the current quarter of RM105.5 million and RM5.6 million, represents an increase of 29.2% and 34.2% respectively compared to the preceding quarter.

B3. Prospects

GBG currently has RM1.6 billion in future gross revenue to be recognised, comprising RM1.0 billion from the construction division and RM0.6 billion from the property development division.

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 31 December 2022, the Group's total borrowings stood at RM303.0 million, which comprises RM0.4 million in long-term borrowings and RM302.6 million in short-term borrowings (57.3% are project financing related). As at 4Q22, our total cash and cash equivalents stood at RM150.3 million, representing a 3.8% or RM5.9 million decrease compared to 4Q21. Based on the above, the Group's gross gearing and net gearing stood at to 0.60x and 0.30x respectively.

(a) Construction Division

The Group's construction division is armed with a healthy outstanding orderbook of RM1.0 billion, that will sustain earnings and cashflow contribution up to FYE 2025.

In FYE2022, 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

During the 4Q22 period, the Group achieved RM19.8 million in property sales that comprise 45 units of E'Island Lake Haven. For the full-year of FYE 2022, we registered 200 units of property sales worth RM88.6 million. For the Year-to-date period up to 15 February 2023, the Group has secured RM5.1million in property sales, comprising of 12 units of properties.

As at 31 December 2022, our total sold and unbilled sales stand at RM353.9 million, which will mostly be recognised up to 1H FY2024. As a comparison, our total sold and unbilled sales stood at RM352.5 million in 4Q21.

Going forward, to ensure earnings and cashflow visibility for the property development division, we are targeting to preview and launch our Gambang Residensi township in Gambang, Kuantan by the 1H24. The township would offer over 1,065 units of homes with an expected GDV of RM336 million.

B3. Prospects (Cont'd)

(b) Property Development Division (Cont'd)

Property Sales Summary up to 15 February 2023

	No of Units				Take Up	Cumulative Sales since 2Q19
	Unsold as at (Jan 22)	Sold in (2022)	Sold (Jan'23 to 15 Feb 2023)	Sold (Jan22 to 15 Feb 2023)		
<u>Developments Under Construction</u>						
E'Island Lake Haven	355 of 1,140	200	12	212	997 units or 87%	RM428.5m
The Peak	401 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	760	200	12	212		RM579.2m
						<u>Bookings</u>
						RM17.0m

Based on the table above, since the relaunch of our property development division in 2Q19, we have achieved RM579.2 million in property sales. Additionally, we have RM17.0 million in property bookings pending loan conversions.

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 12 months ended	
	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21
	RM'000	RM'000	RM'000	RM'000
Interest income	1,684	287	2,778	1,264
Reversal of impairment losses of receivables	731	6,461	1,387	6,885
(Loss)/Reversal of impairment losses of property, plant and equipment	-	(96)	-	1,055
Other income	1,925	1,769	3,411	2,337
Interest expense (excluding interest capitalised)	(3,290)	(3,825)	(8,989)	(7,658)
Depreciation and amortisation	(1,847)	(2,012)	(7,175)	(7,083)
Impairment losses of receivables	(3,920)	(2,855)	(5,642)	(3,554)
Gain/(Loss) of fair value on investment	1,083	(438)	1,083	(768)
Loss on disposal of property, plant and equipment	-	7	-	4
Bad debts written off	-	-	-	-
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 12 months ended	
	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Current year	(1,737)	1,414	1,664	1,510
- Previous year	1,408	212	1,892	93
	(329)	1,627	3,556	1,604
	-	-	-	-
Deferred taxation				
- Current year	(720)	6,081	(725)	8,111
- Prior years	33	(64)	33	(64)
	(687)	6,018	(692)	8,048
	(1,016)	7,644	2,864	9,651

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 16 February 2023, being the latest practicable date, which is not earlier than 7 days from the date of issuance of this interim financial report.

(a) 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 24 November 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	-	-	Under-estimation of professional cost
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_{1s}/MARC-1_{1s}** for the ICP/IMTN Programme, with a stable outlook.

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

- to utilise RM100,000 to fund the trustee's reimbursement account, as required under the SC's Trust Deed Guidelines;
- 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;
- to repay any existing conventional borrowings undertaken by the Group; and/ or
- 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 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	-	186,357	186,357
Unsecured			
- ICP/IMTN Programme	-	38,601	38,601
	<u>408</u>	<u>302,619</u>	<u>303,027</u>

As at 31 December 2021			
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	582	98,861	99,443
- Revolving credit	-	2,000	2,000
- Bank overdrafts	-	172,436	172,436
	<u>582</u>	<u>273,297</u>	<u>273,879</u>

B9. Dividend

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

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 12 months ended	
	31 Dec 22 RM'000	31 Dec 21 RM'000	31 Dec 22 RM'000	31 Dec 21 RM'000 Restated
Profit attributable to equity holders of the Company (RM'000)	5,640	5,336	20,813	16,538
Weighted average number of ordinary shares ('000)	542,771	542,771	542,771	542,771
Basic earnings per share (sen)	1.04	0.98	3.83	3.05

B11. Earnings Per Share (Cont'd)

(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:

Diluted

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 22 RM'000	31 Dec 21 RM'000	31 Dec 22 RM'000	31 Dec 21 RM'000 Restated
Profit attributable to equity holders of the Company (RM'000)	5,640	5,336	20,813	16,538
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)	0.85	0.81	3.14	2.50

B12. Authorisation for Issue

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