



GABUNGAN AQRS BERHAD

201001028608 (912527-A)
(Incorporated in Malaysia)

Interim Financial Statements For the Fourth Quarter ended 31 December 2023

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20 February 2024



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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	31 December 2023 RM'000	31 December 2022 RM'000	31 December 2023 RM'000	31 December 2022 RM'000
Revenue	71,508	105,295	309,088	337,771
Cost of sales	(59,859)	(87,731)	(258,757)	(276,724)
Gross profit	11,649	17,564	50,331	61,047
Other income	1,871	3,122	8,033	6,356
Operating costs	(6,523)	(13,292)	(28,078)	(35,944)
Finance cost	(2,922)	(3,290)	(11,446)	(8,989)
Share of profit/(loss) of an associate	269	221	903	541
Share of profit/(loss) of a joint venture	50	(569)	817	(158)
Profit before tax	4,394	3,756	20,560	22,853
Tax expense	(1,184)	1,167	(6,907)	(2,713)
Profit for the financial period	3,210	4,923	13,653	20,140
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial period	3,210	4,923	13,653	20,140
Attributable to:				
Owners of the parent	3,230	5,056	13,734	20,229
Non-controlling interests	(20)	(134)	(81)	(90)
	3,210	4,923	13,653	20,140
Earnings per ordinary share attributable to equity holders of the Company (sen) :				
- Basic	0.60	0.94	2.53	3.73
- Diluted	0.60	0.76	2.53	3.06

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

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

	(UNAUDITED) AS AT 31 December 2023 RM'000	(AUDITED) AS AT 31 December 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,545	25,505
Investment properties	29,944	31,002
Investment in a joint venture	1,099	882
Investment in an associate	4,821	4,153
Deferred tax assets	3,149	3,206
Intangible assets	27,355	27,355
	<u>86,913</u>	<u>92,103</u>
Current assets		
Inventories	301,108	318,950
Trade and other receivables	158,564	142,120
Contract assets	568,658	660,229
Other investment	711	1,389
Current tax assets	234	522
Short term funds	174	168
Cash and bank balances	124,757	150,165
	<u>1,154,206</u>	<u>1,273,543</u>
TOTAL ASSETS	<u>1,241,119</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	159,307	145,573
	<u>513,493</u>	<u>499,759</u>
Non-controlling interests	<u>1,732</u>	<u>1,813</u>
TOTAL EQUITY	<u>515,225</u>	<u>501,572</u>
Non-current liabilities		
Borrowings	4,334	408
Lease liabilities	463	1,171
Deferred tax liabilities	1,631	1,971
	<u>6,428</u>	<u>3,550</u>
Current liabilities		
Trade and other payables	420,176	519,172
Contract liabilities	31,197	37,044
Borrowings	178,388	264,031
ICP/IMTN Programme	84,635	38,628
Lease liabilities	709	1,213
Current tax liabilities	4,361	436
	<u>719,466</u>	<u>860,524</u>
TOTAL LIABILITIES	<u>725,894</u>	<u>864,074</u>
TOTAL EQUITY AND LIABILITIES	<u>1,241,119</u>	<u>1,365,646</u>
Net assets per share attributable to owners of the parent (RM)	<u>0.95</u>	<u>0.92</u>

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

20 February 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

	[-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----]					
	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 2023	355,613	(1,427)	145,573	499,759	1,813	501,572
Profit for the financial period /						
Total comprehensive income for the period	-	-	13,734	13,734	(81)	13,653
	-	-	13,734	13,734	(81)	13,653
Balance as at 31 December 2023	355,613	(1,427)	159,307	513,493	1,732	515,225
	[-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----]					
	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 as previously stated	355,613	(1,427)	126,863	481,049	2,108	483,157
Prior year adjustment	-	-	(1,389)	(1,389)	-	(1,389)
Balance as at 1 January 2022 as restated	355,613	(1,427)	125,474	479,660	2,108	481,768
Profit for the financial period /						
Total comprehensive income for the period	-	-	20,229	20,229	(90)	20,139
Share capital reduction in a subsidiary	-	-	-	-	(235)	(235)
Dividend paid to non-controlling interests	-	-	-	-	(95)	(95)
Acquisition of additional equity interest in a subsidiary	-	-	(129)	(129)	124	(5)
	-	-	20,100	20,100	(295)	19,804
Balance as at 31 December 2022	355,613	(1,427)	145,573	499,759	1,813	501,572

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.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

	Current Period Ended 31 December 2023 RM'000	Preceding Period Ended 31 December 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	20,560	22,853
Adjustments for :		
Depreciation of property, plant and equipment	5,946	7,175
Fair value loss/(gain) on:		
- Other investment	679	(1,069)
Reversal of impairment losses of trade and other receivables	(3,965)	(1,388)
Gain on disposal of investment properties	(264)	-
Loss on disposal of property, plant and equipment	10	-
Gain on lease modification	-	(7)
Impairment losses on:		
- Trade and other receivable	1,180	5,645
Interest expense	11,447	8,989
Interest income	(2,990)	(2,779)
Bad debt written off	-	5
Property, plant and equipment written off	-	1
Unrealised gain on foreign exchange	-	(16)
Share of profit of an associate	(903)	(541)
Share of profit of a joint venture	(817)	158
Operating profit before changes in working capital	30,883	39,026
Changes in working capital:		
Inventories	17,842	(1,715)
Trade and other receivables	77,912	(36,780)
Trade and other payables	(103,755)	(21,810)
Cash generated from/(used in) operating activities	22,882	(21,279)
Interest paid	(9,743)	(8,989)
Interest received	2,990	2,779
Tax paid	(2,732)	(1,646)
Tax refunded	48	7
Net cash generated from / (used in) operating activities	13,445	(29,128)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary:		
- Subsidiary for cash, net of cash acquired	-	(5)
Dividend received from associate	235	49
Dividend received from joint venture	600	-
Purchase of property, plant and equipment	(866)	(3,943)
Proceeds from disposals of property, plant and equipment	18	-
Withdrawals of fixed deposits pledged	27,789	9,118
Reduction in share capital of non-controlling interest of a subsidiary	-	(235)
Net cash generated from investing activities	27,776	4,984
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest of a subsidiary	-	(94)
Repayment of lease liabilities	(1,420)	(1,665)
Drawdowns of term loans	10,701	60,089
Repayments of term loans	(84,065)	(83,162)
Drawdowns of revolving credits	20,000	10,000
Repayment of revolving credits	(400)	(10,300)
Drawdown of ICP/IMTN programme	46,008	38,601
Net cash (used in)/generated from financing activities	(9,176)	13,469
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	32,045	(10,675)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(172,536)	(161,861)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(140,491)	(172,536)

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

	As at 31 December 2023 RM'000	As at 31 December 2022 RM'000
Cash and bank balances	16,047	13,666
Fixed deposits with licensed banks	108,710	136,499
Short term funds	174	168
	124,931	150,333
Less : Bank overdrafts included in borrowings	(71,267)	(88,025)
Trade line with facilities included in borrowings	(85,445)	(98,345)
Fixed deposits pledged	(108,710)	(136,499)
Total cash and cash equivalents	(140,491)	(172,536)

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”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2022. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2022.

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.

The Group has also adopted the following amendments to MFRS which are mandatory for the financial periods beginning on or after 1 January 2023:

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Initial Application of MFRS 17 and MFRS 9 Comparative Information
- Amendments to MFRS 101 Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of these amendments to MFRS have not resulted in any significant impact on the unaudited condensed financial statements of the Group.

The following amendments to MFRS that were issued but are not yet effective have not been early adopted by the Group.

Description	Effective for annual periods beginning or after
Amendments to MFRS 16 Lease liability in a sale and leaseback	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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 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 was 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 (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 2023	Construction RM'000	Property Development RM'000	Other RM'000	Inter-segment Elimination RM'000	Total RM'000
Segment Revenue					
External	208,349	99,383	1,356	-	309,088
Inter-segment	87,535	-	5,942	(93,477)	-
Total revenue	295,884	99,383	7,298	(93,477)	309,088
Interest income	4,658	193	5,293	(7,154)	2,990
Finance cost	(6,312)	(4,653)	(7,820)	7,339	(11,446)
Net finance expense	(1,654)	(4,460)	(2,527)	185	(8,456)
Share of profit of an associate	903	-	-	-	903
Share of profit of a joint venture	-	-	817	-	817
Segment profit/(loss) before taxation	17,114	7,959	(6,250)	1,737	20,560
Taxation	(3,389)	(3,456)	(8)	(54)	(6,907)
Segment profit/(loss) after taxation	13,725	4,503	(6,257)	1,683	13,653
Other material non-cash item:					
- Depreciation	(4,762)	(444)	(2,155)	1,416	(5,945)
Additions to non-current assets other than financial instruments and deferred tax assets	806	46	14	-	866
Segment assets	872,208	535,182	608,019	(774,291)	1,241,119
Segment liabilities	602,576	462,218	178,104	(517,003)	725,894
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	130,109	1,200	-	337,771
Inter-segment	76,045	-	6,706	(82,751)	-
Total revenue	282,507	130,109	7,906	(82,751)	337,771
Interest income	4,096	459	3,413	(5,189)	2,779
Finance cost	(5,117)	(5,598)	(3,730)	5,454	(8,990)
Net finance expense	(1,021)	(5,139)	(317)	265	(6,211)
Share of loss of an associate	541	-	-	-	541
Share of profit of a joint venture	-	-	(158)	-	(158)
Segment profit/(loss) before taxation	6,230	16,621	(267)	268	22,853
Taxation	(821)	(541)	(1,335)	(16)	(2,713)
Segment profit/(loss) after taxation	(5,409)	16,080	(1,602)	252	20,140
Other material non-cash item:					
- Depreciation	(6,161)	(441)	(1,994)	1,422	(7,175)
Additions to non-current assets other than financial instruments and deferred tax assets	3,998	33	135	-	4,167
Segment assets	991,180	564,277	573,490	(763,301)	1,365,646
Segment liabilities	735,423	496,064	137,053	(504,466)	864,074

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 31 Dec 23 RM'000	As at 31 Dec 22 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	<u>68,811</u>	<u>121,230</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 (4 th Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31/12/2023	31/12/2022		31/12/2023	31/12/2022	
	RM'000	RM'000		RM'000	RM'000	
Revenue	71,508	105,295	(32.1)	309,088	337,771	(8.5)
Profit Before Tax	4,394	3,756	17.0	20,560	22,853	(10.0)
Profit After Taxation	3,210	4,923	(34.8)	13,653	20,140	(32.2)

The Group reported revenue of RM71.5 million in 4Q23, compared to RM105.3 million in 4Q22. Our reported PBT for the current quarter stood at RM4.4 million, representing a 17.0% growth compared to 4Q22 PBT of RM3.8 million. The increase in PBT is attributed to a decrease in Group operating costs by 51% from RM13.3 million in 4Q22 to RM6.5 million in 4Q23.

For the period of 12M23, the Group registered revenue of RM309.1 million, representing a 8.5% decrease compared to 12M22. The decrease in revenue is due to the fact that in the previous year, higher revenue was generated from a project that has been completed, namely the Sungai Besi - Ulu Kelang Elevated Expressway (Suke) construction job. PBT for 12M23 stood at RM20.6 million, compared to RM22.9 million in 12M22.

PAT for the current quarter stood at RM3.2 million, compared to RM4.9 million in 4Q22. Included in the PAT is the recognition of LADs amounting to RM3.6 million. Excluding the LADs, the Group's core PAT stood at RM6.8 million.

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	
	31/12/2023	31/12/2022		31/12/2023	31/12/2022	
	RM'000	RM'000		RM'000	RM'000	
Revenue	77,633	81,957	(5.3)	295,884	282,507	4.7
Profit Before Tax	5,041	(6,488)	177.7	17,114	6,230	174.7
Profit After Taxation	4,565	(4,175)	209.3	13,725	5,409	153.7

B1. Review of Performance (Cont'd)

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

Construction segment (Cont'd)

The construction division reported a revenue of RM77.6 million in 4Q23, compared to RM82.0 million in 4Q22, representing a 5.3% decrease. This quarter, revenue was mainly contributed by the Light Rail Transit 3 (LRT3), E'Island Lake Haven, and Kuala Langat Sewer Pipes Relining work projects. The division's PAT stood at RM4.6 million in 4Q23, compared to LAT of RM4.2 million in 4Q22.

Cumulatively for 12M23, the construction division registered revenue of RM295.9 million, with a corresponding PAT of RM13.7 million, compared to a revenue of RM282.5 million and PAT of RM5.4 million in 12M22.

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	
	31/12/2023	31/12/2022		31/12/2023	31/12/2022	
	RM'000	RM'000		RM'000	RM'000	
Revenue	11,318	54,107	(79.1)	99,383	130,109	(23.6)
(Loss)/ Profit Before Tax	(2,378)	8,082	(129.4)	7,959	16,621	(52.1)
(Loss)/ Profit After Taxation	(3,058)	8,024	(138.1)	4,503	16,080	(72.0)

The property development division reported revenue of RM11.3 million in 4Q23, 79.1% lower compared to 4Q22 revenue of RM54.1 million. The LAT for the current quarter was recorded at RM3.1 million as compared to a PAT of RM8.0 million registered for the preceding quarter. Included in the LAT is the recognition of LADs amounting to RM3.6 million. Excluding the LADs, the property development division's core PAT stood at RM0.5 million.

Cumulatively for 12M23, the property development division reported revenue of RM99.4 million with a corresponding PAT of RM4.5 million, compared to a revenue of RM130.1 million and PAT of RM16.1 million in 12M22.

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

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/12/2023	30/09/2023	
	RM'000	RM'000	
Revenue	71,508	81,359	(12.1)
Profit Before Tax	4,394	7,603	(42.2)
Profit After Taxation	3,210	3,656	(12.2)

Overall, the Group's revenue and profit after taxation for the current quarter of RM71.5 million and RM3.2 million respectively, as compared to a revenue of RM81.4 million and profit after taxation of RM3.7 million registered in 3Q23.

B3. Prospects

GBG currently has RM1.0 billion in future gross revenue to be recognised up to FYE 2025, comprising RM516.3 million from the construction division and RM507.3 million from the property development division.

On 4 August 2023, the MARC Ratings affirmed ratings of MARC-1/A on GBG's Islamic Commercial Papers (ICP)/ Islamic Medium-Term Notes (IMTN) Programme with a Stable rating outlook.

Since 1Q23, the Group has reduced total borrowings by RM49.2 million or 15.5% to RM267.4 million. Total borrowings comprise RM4.3 million in long-term borrowings, RM178.4 million in short-term borrowings (40.5% are project financing related), and RM84.6 million in short-term Islamic Commercial Papers (ICPs). On a year-on-year basis, we reduced borrowings by RM35.7 million, from RM303.1 million in 4Q22 to RM267.4 million in 4Q23.

As of 4Q23, our total cash and cash equivalents amounted to RM124.9 million, representing an increase of 7.1% or RM8.3 million compared to 3Q23. The Group's gross and net gearing stood at 0.52 and 0.28 as at 4Q23 respectively.

(a) Construction Division

The Group's construction division is armed with a healthy outstanding orderbook of RM516.3 million, that will sustain earnings and cashflow contribution up to FYE 2025.

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

(b) Property Development Division

In 4Q23, the Group achieved RM5.1 million in property sales that comprise 13 units of E'Island Lake Haven. Year-to-date as of 20 February 2024, the Group has achieved RM36.0 million in property sales, comprising 83 units of properties.

As at 31 December 2023, our total sold and unbilled sales stand at RM252.0 million, which will progressively be recognised up to 2H24.

The Group continues to enhance its layout for the 100-acre Gambang Residensi township development that will be launched in 2024. The enhancements have resulted in the total targeted GDV to be increased to RM382 million with a total of 1,160 homes and 20 commercial units to be offered in 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 RM9.8 million as of 31 December 2023.

B3. Prospects (Cont'd)

(b) Property Development Division (Cont'd)

Property Sales Summary up to 20 February 2024

	No of Units				Take Up	Cumulative Sales since 2Q19
	Unsold as at (Jan 23)	Sold in 12M23	Sold (1 Jan 2024 to 20 Feb 2024)	Sold (Year to date up to 20 Feb 2024)		
<u>Developments Under Construction</u>						
E'Island Lake Haven	155 of 1,140	81	2	83	1,068 units or 94%	RM459.4m
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	81	2	83		RM610.1m
						<u>Bookings</u>
						RM2.5m

Since the relaunch of our property development division in 2Q19, we have achieved RM610.1 million in property sales as shown in the table above. Additionally, we have RM2.5 million in property bookings pending loan conversions.

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

B4. Profit Forecast and Profit Estimate

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

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

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	RM'000	RM'000	RM'000	RM'000
Interest income	764	1,684	2,990	2,778
Reversal of impairment losses of receivables	931	731	4,120	1,387
Other income	164	1,926	924	3,411
Gain on disposal of investment property	-	-	264	-
Interest expense (excluding interest capitalised)	(2,922)	(3,290)	(11,446)	(8,989)
Depreciation and amortisation	(1,376)	(1,847)	(5,945)	(7,175)
Impairment losses of receivables	(29)	(3,921)	(1,180)	(5,642)
Gain/(Loss) of fair value on investment	(679)	1,067	(679)	1,067
Property, plant and equipment written off	-	1	-	1
Gain/(Loss) on disposal of property, plant and equipment	(10)	-	(10)	-
Bad debts written off	-	5	-	5
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.

B6. Taxation

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Current year	1,155	(2,923)	6,811	478
- Previous year	-	1,408	41	1,892
	1,155	(1,515)	6,852	2,370
Deferred tax:				
- Current year	29	192	55	187
- Prior years	-	156	-	156
	29	348	55	343
	1,184	(1,167)	6,907	2,713

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.

B7. Status of Corporate Proposals Announced

There are no corporate proposals announced by the Company but not completed as at 20 February 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 RM84.6 million.

B8. Group Borrowings and Debt Securities

As at 31 Dec 2023			
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
- Term loan	4,334	376	4,710
- Revolving credit	-	21,300	21,300
- Bank overdrafts	-	156,712	156,712
Unsecured			
- ICP/IMTN Programme	-	84,635	84,635
	<u>4,334</u>	<u>263,023</u>	<u>267,357</u>
As at 31 Dec 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>

B9. Dividend

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

B10. Material litigation

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

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

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

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

GAB and TVSB have filed an application for further and better particulars of Bernard's Defence ("Application"), which was dismissed by the High Court on 25 August 2021. GAB and TVSB appealed to the Court of Appeal against the aforesaid decision on 23 September 2021.

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 next case management is fixed on 15 April 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")

B10. Material litigation (Cont'd)

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.

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.

Letter from Kuala Lumpur High Court on the new case management date on 16 February 2024.

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 23 RM'000	31 Dec 22 RM'000	31 Dec 23 RM'000	31 Dec 22 RM'000
Profit attributable to equity holders of the Company (RM'000)	3,230	5,056	13,734	20,229
Weighted average number of ordinary shares ('000)	542,771	542,771	542,771	542,771
Basic earnings per share (sen)	0.60	0.94	2.53	3.73

(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 12 months ended	
	31 Dec 23 RM'000	31 Dec 22 RM'000	31 Dec 23 RM'000	31 Dec 22 RM'000
Profit attributable to equity holders of the Company (RM'000)	3,230	5,056	13,734	20,229
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
Weighted average number of ordinary shares ('000)	542,771	662,166	542,771	662,166
Diluted earnings per share (sen)	0.60	0.76	2.53	3.06

* The effect of dilution is no longer applicable after the expiration of the exercise period for the remaining warrants on 26 September 2023.

B12. Authorisation for Issue

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