



INGENIEUR  
INGENIEUR GUDANG BERHAD

# INGENIEUR GUDANG BERHAD

Registration No. 200601012544 (732294-W)

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023

**INGENIEUR GUDANG BERHAD**  
**Registration No.: 200601012544 (732294-W)**  
(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENT**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 AUGUST 2023**

	<b>As at 31-Aug-23 Unaudited RM'000</b>	<b>As at 30-Nov-22 Audited RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,444	3,886
Investment properties	163,581	132,348
Intangible assets	8,164	156
<b>Total non-current assets</b>	<u>173,189</u>	<u>136,390</u>
<b>Current assets</b>		
Trade and other receivables	13,304	14,465
Contract assets	455	2,803
Tax recoverable	102	45
Deposits, cash and bank balances	10,087	2,556
	<u>23,948</u>	<u>19,869</u>
Asset classified as held for sale	24,287	101,587
<b>Total current assets</b>	<u>48,235</u>	<u>121,456</u>
<b>Total assets</b>	<u>221,424</u>	<u>257,846</u>
<b>Equity</b>		
Share capital	152,485	115,229
Reserves	(6,476)	(12,743)
<b>Total equity attributable to owners of the Company</b>	<u>146,009</u>	<u>102,486</u>
Non-controlling interests	6,000	6,000
<b>Total equity</b>	<u>152,009</u>	<u>108,486</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	857	857
Loans and borrowings	19,149	27,423
<b>Total non-current liabilities</b>	<u>20,006</u>	<u>28,280</u>
<b>Current liabilities</b>		
Trade and other payables	39,060	76,055
Contract liabilities	1,670	2,945
Current tax liabilities	99	99
Loans and borrowings	8,580	41,981
<b>Total current liabilities</b>	<u>49,409</u>	<u>121,080</u>
<b>Total liabilities</b>	<u>69,415</u>	<u>149,360</u>
<b>Total equity and liabilities</b>	<u>221,424</u>	<u>257,846</u>
Net assets per ordinary share attributable to owners of the Company (sen)	10.14	10.37

*The unaudited Condensed Consolidated Statement of financial position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 November 2022 with the accompanying explanatory notes attached to the financial statements.*

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**Registration No.: 200601012544 (732294-W)**  
(Incorporated in Malaysia)

**CONDENSED INTERIM FINANCIAL STATEMENT**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023**

	Individual period		Cumulative period	
	Current period- quarter-ended 31-Aug-23 RM'000	Preceding period corresponding quarter ended 31-Aug-22 RM'000	Current period- to-date ended 31-Aug-23 RM'000	Preceding year corresponding period ended 31-Aug-22 RM'000
Revenue	3,379	3,060	16,318	5,693
Cost of sales	(2,190)	(1,840)	(10,170)	(2,374)
Gross profit	1,189	1,220	6,148	3,319
Other income	3,349	228	6,057	614
Administrative expenses	(599)	(819)	(2,780)	(3,090)
Other operating expenses	(257)	(372)	(771)	(1,346)
Fair value gain on investment property	-	17,300	-	17,300
<b>Results from operating activities</b>	3,682	17,557	8,654	16,797
Finance income	19	1	117	17
Finance costs	(442)	(785)	(1,276)	(1,558)
Net finance costs	(423)	(784)	(1,159)	(1,541)
<b>Operating profit</b>	3,259	16,773	7,495	15,256
Share of loss of associate, net of tax	-	-	-	(32)
<b>Profit before tax</b>	3,259	16,773	7,495	15,224
Income tax expense	(465)	1,678	(465)	1,673
<b>Net profit after taxation/Total comprehensive income for the financial period</b>	<u>2,794</u>	<u>18,451</u>	<u>7,030</u>	<u>16,897</u>
<b>Profit after taxation attributable to:</b>				
Owners of the Company	2,794	18,451	7,030	16,897
Non-controlling interests	-	-	-	-
	<u>2,794</u>	<u>18,451</u>	<u>7,030</u>	<u>16,897</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	2,794	18,451	7,030	16,897
Non-controlling interests	-	-	-	-
	<u>2,794</u>	<u>18,451</u>	<u>7,030</u>	<u>16,897</u>
<b>Earnings per ordinary share (sen):</b>				
Basic	0.20	2.07	0.60	1.93
Diluted	N/A	N/A	N/A	N/A

*The unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 November 2022 with the accompanying explanatory notes attached to the financial statements.*

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**CONDENSED INTERIM FINANCIAL STATEMENT**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023**

	----- Attributable to owners of the Company ----->				Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
	<----- Non-distributable ----->	Distributable					
	Share capital RM'000	Capital reserve RM'000	Warrants reserve RM'000	(Accumulated losses)/ Retained earnings RM'000			
<b>At 1 December 2022</b>	115,229	(11,847)	13,718	(14,614)	102,486	6,000	108,486
Profit for the period	-	-	-	7,030	7,030	-	7,030
Issuance of ordinary shares pursuant to private placement	31,945	-	-	-	31,945	-	31,945
Issuance of ordinary shares pursuant to conversion of Irredeemable Convertible Preference Shares ("ICPSs")	2,920	(763)	-	-	2,157	-	2,157
Issuance of ordinary shares pursuant to conversion of warrants	2,391	3,275	(3,275)	-	2,391	-	2,391
<b>Transactions with owners of the Company</b>	37,256	2,512	(3,275)	-	36,493	-	36,493
<b>At 31 August 2023</b>	<b>152,485</b>	<b>(9,335)</b>	<b>10,443</b>	<b>(7,584)</b>	<b>146,009</b>	<b>6,000</b>	<b>152,009</b>
<b>At 1 December 2021</b>	92,348	(11,369)	13,718	(33,882)	60,815	6,000	66,815
Profit for the financial year	-	-	-	19,268	19,268	-	19,268
Issuance of ordinary shares pursuant to acquisition of subsidiaries	17,295	-	-	-	17,295	-	17,295
Issuance of ordinary shares pursuant to debt settlement	4,500	-	-	-	4,500	-	4,500
Issuance of ordinary shares pursuant to conversion of ICPSs	1,086	(478)	-	-	608	-	608
<b>Transactions with owners of the Company</b>	22,881	(478)	-	-	22,403	-	22,403
<b>At 30 November 2022</b>	<b>115,229</b>	<b>(11,847)</b>	<b>13,718</b>	<b>(14,614)</b>	<b>102,486</b>	<b>6,000</b>	<b>108,486</b>

*The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 November 2022 with the accompanying explanatory notes attached to the financial statements.*

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**CONDENSED INTERIM FINANCIAL STATEMENT**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL PERIOD ENDED 31 AUGUST 2023**

	<b>Current period-to-date 31-Aug-23 RM'000</b>	<b>Preceding year corresponding period ended 31-Aug-22 RM'000</b>
<b>Cash flows used in operating activities</b>		
Profit before tax	7,495	15,224
Adjustments for:		
Bargain purchase from acquisition of subsidiaries	-	(151)
Depreciation on property, plant and equipment	771	1,346
Fair value gain on investment properties	-	(17,300)
Gain on disposal of assets held for sale	(2,650)	-
Gain on disposal of property, plant and equipment	(3,329)	(73)
Interest expense	1,276	1,558
Interest income	(117)	(17)
Share of loss of equity accounted associate	-	32
<b>Operating profit before working capital changes</b>	<b>3,446</b>	<b>619</b>
<b>Changes in working capital:</b>		
Decrease/(Increase) in trade and other receivables	22,674	(4,010)
Decrease/(Increase) in contract assets	2,348	(509)
Decrease in trade and other payables	(38,217)	(143)
Decrease in contract liabilities	(1,276)	(904)
<b>Cash used in operations</b>	<b>(11,025)</b>	<b>(4,947)</b>
Income taxes paid	(522)	(69)
<b>Net cash used in operating activities</b>	<b>(11,547)</b>	<b>(5,016)</b>
<b>Cash flows from/(used in) investing activities</b>		
Acquisition of subsidiaries, net of cash acquired	(7,997)	(484)
Acquisition of property, plant and equipment	(1)	(17)
Acquisition of investment properties	(30,021)	(53,876)
Interest received	117	13
Placement of fixed deposits	(7)	(405)
Proceeds from disposal of property, plant and equipment	2,000	-
Net proceeds from disposal of assets held for sale	61,438	-
<b>Net cash from/(used in) investing activities</b>	<b>25,529</b>	<b>(54,769)</b>
<b>Cash flows (used in)/from financing activities</b>		
Interest paid	(1,276)	(1,462)
Repayment of banker acceptances, net of drawdown	-	(806)
(Repayment)/Drawdown of other borrowings and term loan, net	(41,468)	55,948
Proceeds from issuance of ordinary shares pursuant to conversion of ICPS	2,157	596
Proceeds from issuance of ordinary shares pursuant to conversion of warrants	2,391	-
Proceeds from issuance of ordinary shares pursuant to private placement	31,945	-
Repayment of finance lease liabilities	(207)	(281)
<b>Net cash (used in)/from financing activities</b>	<b>(6,458)</b>	<b>53,995</b>
Net increase/(decrease) in cash and cash equivalents	7,524	(5,790)
Cash and cash equivalents as at beginning of financial period	2,146	7,091
<b>Cash and cash equivalents as at end of financial period</b>	<b>9,670</b>	<b>1,301</b>
<b>Cash and cash equivalents comprise of:-</b>		
Cash and bank balances	9,661	1,292
Short term deposits with licensed banks	426	418
Deposits, cash and bank balances	10,087	1,710
Less: Deposits with more than three months maturity	(417)	(409)
Cash and cash equivalents	9,670	1,301

*The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 November 2022 with the accompanying explanatory notes attached to the financial statements.*

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023

### PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING

#### A1. Basis of preparation

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134, Interim Financial Reporting in Malaysia and with IAS34, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 November 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 financial year ended 30 November 2022.

The following are accounting standard and amendments of MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group.

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023**

- MFRS 17 and Amendments to MFRS 17, *Insurance Contracts* and Amendments to MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024**

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

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023 (CONT'D)

### PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT'D)

#### A1. Basis of preparation (Cont'd)

##### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025**

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

##### **Deferred to a date determined by MASB**

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

The Group plans to apply the abovementioned amendments, where applicable, in the respective financial years when the above amendments become effective.

#### A2. Qualification of financial statements

The auditor's report on the audited financial statements for the financial year ended 30 November 2022 was not qualified.

#### A3. Seasonal and cyclical factors

The business operations of the Group are not subject to seasonal or cyclical factors.

#### A4. Exceptional and extraordinary items

There were no items affecting assets, liabilities, equity, net income or cash flows that are exceptional or extraordinary due to their nature, size or incidence affecting the interim financial report.

#### A5. Changes in accounting estimates

There were no changes in estimates that had a material effect on the current financial period results.

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023 (CONT'D)

### PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD ("MFRS") 134 INTERIM FINANCIAL REPORTING (CONT'D)

#### A6. Debt and Equity Securities

Save as disclosed below, there were no issuance, cancellation, repurchases, resale and repayments of debts and equity securities during the financial period ended 31 August 2023.

1. On 8 December 2022, the Company had issued 49,396,600 ordinary shares at an issue price of RM0.0912 per share pursuant to a private placement;
2. On 2 May 2023, the Company had issued 170,000,000 ordinary shares at an issue price of RM0.0801 per share pursuant to a private placement;
3. On 9 May 2023, the Company had issued 25,000,000 ordinary shares at an issue price of RM0.0801 per share pursuant to a private placement;
4. On 25 May 2023, the Company had issued 64,000,000 ordinary shares at an issue price of RM0.0801 per share pursuant to a private placement;
5. The Company issued 36,549,800 new ordinary shares at RM0.12 per ordinary shares arising from the conversion of 37,149,800 Irredeemable Convertible Preference Shares ("ICPSs");
6. The Company issued 19,922,000 new ordinary shares at RM0.12 per ordinary shares arising from the 19,922,000 warrants exercised; and
7. On 8 June 2023, the Company had issued 86,936,800 ordinary shares at an issue price of RM0.077 per share pursuant to a private placement.

#### A7. Dividend Paid

No dividend was paid by the Company in the current financial period.

#### A8. Segmental information

The reportable segments of the Group are:

Construction	Includes construction, civil and mechanical engineering, architectural steel fabrication and installation works
Property investment and others	Includes rental of investment properties



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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023 (CONT'D)

### PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT'D)

#### A8. Segmental information (Cont'd)

The Group operates in Malaysia and as such, no segment information based on geographical location is presented.

	Construction RM'000	Property Investment & Others RM'000	The Group RM'000
<b>Financial period ended 31 August 2023</b>			
External revenue	13,851	2,467	16,318
<b>Results</b>			
Profit before following adjustments:-	2,836	610	3,446
Gain on disposal of assets held for sale	-	2,650	2,650
Gain on disposal of property, plant and equipment	3,329	-	3,329
Interest income	55	62	117
Depreciation of property, plant and equipment	(766)	(5)	(771)
Segment results	5,454	3,317	8,771
Finance costs			(1,276)
Taxation			(465)
Profit after taxation			7,030
<b>As at 31 August 2023</b>			
<b>Assets</b>			
Segment assets	42,527	178,795	221,322
Unallocated assets			102
Consolidated total assets			221,424
<b>Liabilities</b>			
Segment liabilities	34,467	34,849	69,316
Unallocated liabilities			99
Consolidated total liabilities			69,415

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023 (CONT'D)

### PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT'D)

#### A9. Significant events during the financial period and subsequent events

Save as disclosed below, there were no significant events during the financial period and subsequent to the end of the interim period under review:

1. On 1 March 2022, the Board announced that the Company proposes to undertake the private placement of up to 467,585,600 ordinary shares in IGB (“**Proposed 40% Private Placement**”). Subsequently, on 29 April 2022, the Company announced the revision of the numbers of shares to be issued under the private placement to up to 465,560,600 ordinary shares in IGB. Bursa Securities had granted its approval via letter dated 14 June 2022 for the listing of and quotation for the said placement shares on the Main Market of Bursa Securities. On 26 July 2022, shareholders of IGB had at the Company’s Extraordinary General Meeting (“**EGM**”) approved the placement exercise.

On 25 November 2022, the Company had submitted an application to Bursa Securities seeking its approval for an extension of time from 14 December 2022 to 13 June 2023 for the Company to complete the implementation of the Proposed 40% Private Placement. Bursa Securities had vide its letter dated 6 December 2022, resolved to grant the Company an extension of time until 13 June 2023 to complete the implementation of the Proposed 40% Private Placement.

Pursuant to the Proposed 40% Private Placement, a total of 395,333,400 ordinary shares had been allotted to placees and was completed on 8 June 2023. On 14 June 2023, the Company further vary the utilisation of proceeds of approximately RM6.48 million from the un-utilised Private Placement Proceeds.

2. On 7 June 2022, The Company announced that its wholly owned subsidiary, Ingenieur EPCM Sdn. Bhd. (“**IESB**”) had, on even date, entered into the conditional sale and purchase agreement (“**SPA**”) with MTrustee Berhad, as the trustee of CapitaLand Malaysia Trust for the disposal of the freehold land held under GM448, Lot 1628 and GM450, Lot 1630, both in Mukim 12, Tempat Ladang Valdor, Daerah Seberang Perai Selatan, Negeri Pulau Pinang together with the buildings erected thereon for the disposal consideration of RM80 million (“**Proposed Disposal of Penang Factory**”). On 5 September 2022, the Company obtained its shareholders approval for the Proposed Disposal of Penang Factory. On 14 December 2022, the Proposed Disposal of Penang Factory has been completed.

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023 (CONT'D)

### PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT'D)

#### A9. Significant events during the financial period and subsequent events (Cont'd)

3. On 4 August 2022, the Company announced that its wholly owned subsidiary, IESB had, on even date, entered into the SPA with Dynaciate Engineering Sdn. Bhd. (“DESB”) for the disposal of:
  - (i) a piece of leasehold industrial land held under HS(D) 516674 PT 216212 in Mukim Plentong, Daerah Johor Bahru, Negeri Johor together with buildings erected thereon for a cash consideration of RM16.6 million (“**Johor Premises Disposal**”); and
  - (ii) a piece of leasehold industrial land held under HS(D) 46891 PT 20054 in Mukim Sungai Karang, Daerah Kuantan, Negeri Pahang together with buildings erected thereon for a cash consideration of RM9.4 million (“**Pahang Premises Disposal**”).

On 16 November 2022, the shareholders of the Company had at the EGM approved the Johor Premises Disposal and Pahang Premises Disposal. IESB and DESB had on 26 April 2023 via an exchange of letter agreed to extend the Extension Conditional Period, which is expiring on 3 May 2023, for a further 3 months.

On 7 June 2023, the conditions precedent sets out in the SPA had been fulfilled. The parties to the SPA had on 6 October 2023, via an exchange of letter, mutually agreed for the Extended Completion Date to be extended for a period of one (1) month from 6 October 2023 to 6 November 2023. The said disposals are pending completion as at the date of this report.

#### A10. Valuation of property, plant and equipment

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

#### A11. Changes in composition of the Group during the financial period ending 31 August 2023

Save as disclosed below, there were no other changes in the composition of the Group.

1. On 8 February 2023, a subsidiary of the Company, MGudang Holdings Sdn Bhd (“MHSB”), entered into a Share Sales Agreement (“SSA”) with Soon Boon Fei to acquire 100% equity interest of 1 ordinary shares in Deluxe Mission Sdn Bhd for a total cash consideration of RM8,000,000. The SSA was completed on 16 February 2023. MHSB is involve in investment holding.

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023 (CONT'D)

### PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT'D)

#### A12. Contingent liabilities

As at 31 August 2023, the Company has issued corporate guarantees for banking facilities granted to subsidiaries of which RM7.87 million were utilised. Additionally, the Company has also issued corporate guarantees totalling RM2.00 million in favour of suppliers of a subsidiary, of which approximately RM11,000 were utilised.

#### A13. Capital commitment

	As at 31-Aug-23 RM'000	As at 31-Aug-22 RM'000
Approved and contracted for:		
- Investment properties	19,311	24,531

#### A14. Significant related party transactions

The summary for the significant related party transactions during the financial period under review is as follows:

	Individual quarter ended		Cumulative period ended	
	31-Aug-23 RM'000	31-Aug-22 RM'000	31-Aug-23 RM'000	31-Aug-22 RM'000
Transactions with a substantial shareholder				
- Rental income	412	-	1,653	-
- Progress billings	1,763	-	4,400	-
Transactions with companies in which certain Director of the Company has interests				
- Rental income	206	-	206	-
- Progress billings	645	-	645	-

#### A15. Changes in fair value of financial assets and liabilities, transfer and classification

There have been no significant changes in the business or economic circumstances that could affect the fair value of the Group's financial assets and financial liabilities in the current financial period under review.

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023 (CONT'D)

### PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT'D)

#### A16. Status of corporate proposals and utilisation of proceeds

##### (a) Disposal of Penang Factory

As disclosed in Note A9 (2), on 5 September 2022, the Company obtained its shareholders approval for the Proposed Disposal of Penang Factory. As at the financial period ended 31 August 2023, a total sum of RM80.00 million had been received from the purchaser. The summary of the utilisation of the proceeds are as follows: -

As at 31 August 2023	Intended timeframe for utilisation	Actual proceeds received RM'000	Actual proceeds utilised RM'000	Balance proceeds unutilised RM'000
Property business	Within 36 months	57,400	(55,666)	1,734
Repayment of bank borrowings	Within 6 months	9,400	(9,400)	-
General working capital	Within 24 months	13,000	(13,000)	-
Defray estimated expenses	Within 3 months	200	(200)	-
	<b>Total</b>	<b>80,000</b>	<b>(78,266)</b>	<b>1,734</b>

- *The utilisation of the proceeds as disclosed above should be read in conjunction with the Circular of the Company dated 19 August 2022.*

##### (b) Proposed 40% Private Placement

Pursuant to the Proposed 40% Private Placement as at 31 August 2023, a total of 395,333,400 ordinary shares were allotted to placees and proceeds received were amounted to RM31,945,004. The utilisation of the proceeds are as follows: -

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### NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023 (CONT'D)

#### PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT'D)

##### A16. Status of corporate proposals and utilisation of proceeds (Cont'd)

###### (b) Proposed 40% Private Placement (Cont'd)

As at 31 August 2023	Expected timeframe for utilisation	Original utilisation of proceeds RM'000	Excess proceeds reallocated RM'000	1st Variation RM'000	2nd Variation RM'000	Actual proceeds utilised up to 31 August 2023 RM'000	Balance proceeds unutilised as at 31 August 2023 RM'000
Capital expenditure of MGSB	Fully utilised	1,700	-	-	-	(1,700)	-
Construction of warehouse	Not applicable	6,000	-	-	(6,000) <sup>(iii)</sup>	-	-
Purchase for Senawang Land	Fully utilised	11,700	-	-	-	(11,700)	-
Purchase for Serendah Land	Within 9 months <sup>(i)</sup>	6,570	-	-	-	(5,053)	1,517
Purchase of Nilai Property	Fully utilised	5,000	-	(1,000) <sup>(ii)</sup>	(483) <sup>(ii)</sup>	(3,517)	-
Working capital	Within 24 months <sup>(i)</sup>	625	74 <sup>(iv)</sup>	1,000 <sup>(ii)</sup>	6,483 <sup>(ii)(iii)</sup>	(4,966)	3,216
Defray estimated expenses	Fully utilised	350	(74) <sup>(iv)</sup>	-	-	(276)	-
<b>Total</b>		<b>31,945</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(27,212)</b>	<b>4,733</b>

- The utilisation of the proceeds as disclosed above should be read in conjunction with the Circular of the Company dated 4 July 2022.

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### PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT'D)

#### A16. Status of corporate proposals and utilisation of proceeds (Cont'd)

##### (b) Proposed 40% Private Placement (Cont'd)

###### Notes:-

- (i) From 9 June 2023 (date of completion of Proposed 40% Private Placement)
- (ii) On 9 May 2023, the Board had resolved to vary and reallocate the proceeds raised amounting to RM1.00 million from the Company’s Proposed 40% Private Placement which was originally earmarked to utilise for balance purchase consideration for Proposed Acquisition of Nilai Property to utilise for working capital purposes (“**1<sup>st</sup> Variation**”). As at 31 August 2023, the Group has utilised approximately RM3.52 million for payment of balance purchase consideration for the acquisition of Nilai Property. Subsequently, the Group had secured a term loan facility to finance this balance purchase consideration and the term loan is repayable over 240 equal monthly instalments. The Group intends to fund the repayment of term loan via its internally generated funds and to reallocate the balance of proceeds earmarked for this purpose to fund the working capital of the Group to alleviate its immediate funding requirement for the payment of expenses and creditors obligations to support its construction and property investment business.
- (iii) The Group had originally earmarked to utilise the placement proceeds of up to RM6.00 million to fund the gross development costs for the proposed warehouse and related buildings on the Tangkak Land which include, amongst others, payments to professionals, payment to authorities and building works. As at 31 August 2023, the Group had incurred approximately RM120,000 for the preliminary expenses and costs in relation to the construction of warehouse and related buildings on Tangkak Land and were funded by internally generated funds. The Group had decided to amend certain specifications to the building plan and requires to obtain relevant approvals for the amendments. In view of this, the construction of warehouse will be delayed to end of 2023. Accordingly, the Group does not foresee any immediate and material funding require at this juncture and the Group intends to reallocate the balance of proceeds earmarked for this purpose to fund the working capital of the Group to alleviate its immediate funding requirement for the payment of expenses and creditors obligations to support its construction and property investment business. (“**2<sup>nd</sup> Variation**”)
- (iv) As at 31 August 2023, approximately RM276,000 had been fully utilised for expenses related to Proposed 40% Private Placement. The excess amount of approximately RM74,000 (out of the original allocation of approximately RM350,000) has therefore been reallocated towards working capital.

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### PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING (CONT'D)

#### A16. Status of corporate proposals and utilisation of proceeds (Cont'd)

##### (c) Disposals of Johor and Pahang Premises

As disclosed in Note A9 (3), on 16 November 2022, the Company obtained its shareholders approval for the Proposed Johor Premises Disposal and Proposed Pahang Premises Disposal. As at the financial period ended 31 August 2023, the said disposals have yet to be completed and no proceeds had been received from this corporate proposal.

#### A17. Gain or losses arising from fair value changes of financial liabilities

The carrying amounts of financial liabilities of the Group at the reporting date approximate their fair value due to the relatively short-term nature of these financial instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date or insignificant impact of discounting. No gains or losses were recognised for changes in fair values of financial liabilities during the quarter under review.



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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023 (CONT'D)

### PART B: OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

#### B1. Review of performance

	Individual Quarter				Cumulative Period			
	31-Aug-23	31-Aug-22	Changes		31-Aug-23	31-Aug-22	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<b>Revenue</b>								
- Construction	2,498	1,874	624	33%	13,851	2,752	11,099	403%
- Property Investment & Others	881	1,186	(305)	-26%	2,467	2,941	(474)	-16%
	<b>3,379</b>	<b>3,060</b>	<b>319</b>	<b>10%</b>	<b>16,318</b>	<b>5,693</b>	<b>10,625</b>	<b>187%</b>
<b>Profit/(Loss) before taxation</b>								
- Construction	3,270	687	2,583	376%	4,994	(1,042)	6,036	579%
- Property Investment & Others	(11)	16,086	(16,097)	-100%	2,501	16,266	(13,765)	-85%
	<b>3,259</b>	<b>16,773</b>	<b>(13,514)</b>	<b>-81%</b>	<b>7,495</b>	<b>15,224</b>	<b>(7,729)</b>	<b>-51%</b>

The Group posted revenue of RM3.38 million and profit before tax (“PBT”) of RM3.26 million for the third quarter ended 31 August 2023 (“Q3FY2023”) as compared to revenue of RM3.06 million and PBT of RM16.77 million for the third quarter ended 31 August 2022 (“Q3FY2022”).

The Group posted higher revenue compared to Q3FY2022 mainly due to increase work progress and new projects secured in construction segment during the quarter. Overall PBT was higher in Q3FY2022 mainly due to fair value gain of investment properties from property investment and others segment in Q3FY2022.

On year-to-year basis, the Group posted revenue of RM16.32 million and PBT of RM7.50 million for the period ended 31 August 2023 as compared to revenue of RM5.69 million and PBT of RM15.22 million for the period ended 31 August 2022.

The revenue from construction segment increased by RM11.10 million from RM2.75 million to RM13.85 million mainly due to more projects secured and higher work progress during the financial period. On the other hand, property investment segment recorded revenue of RM2.47 million and PBT of RM2.50 million. The lower PBT was mainly due to fair value gain of investment properties in the previous financial period.

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023 (CONT'D)

### PART B: OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS (CONT'D)

#### B2. Variation of results against preceding quarter

	Current quarter ended 31-Aug-23 RM'000	Immediate preceeding quarter ended 31-May-23 RM'000	Changes	
			RM'000	%
<b>Revenue</b>				
- Construction	2,498	3,775	(1,277)	-34%
- Property Investment & Others	881	798	83	10%
	<b>3,379</b>	<b>4,573</b>	<b>(1,194)</b>	<b>-26%</b>
<b>Profit before taxation</b>				
- Construction	3,270	316	2,954	935%
- Property Investment & Others	(11)	(82)	71	87%
	<b>3,259</b>	<b>234</b>	<b>3,025</b>	<b>1293%</b>

The Group reported revenue and PBT of RM3.38 million and RM3.26 million respectively in current quarter as compared with revenue and PBT of RM4.57 million and RM0.23 million reported in the preceding quarter ended. The Group's revenue has reduced mainly due to slower progress recognition from the construction segment during the current quarter under review. Overall PBT improved mainly due to gain on disposal of plant and equipment during current quarter.

#### B3. Prospects

The outlook of the Malaysian economy is expected to be moderate in Year 2023 after a rebound last year. Our construction division will continue to bid for new contracts to improve our order book and revenue, as well as focusing on execution of the projects to ensure timely completion and delivery for current on-going projects. We expect our property investment division will see a lower rental revenue this financial year, in view that the Penang property had been disposed of, while several of our properties are still under construction. In spite of the above, the Group is cautiously optimistic of registering positive growth for the current financial year.

#### B4. Variance between actual and forecast profit

The Group has not issued any profit forecast or profit guarantee.

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## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 31 AUGUST 2023 (CONT'D)

### PART B: OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS (CONT'D)

#### B5. Income tax expense

	Individual quarter ended		Cumulative period ended	
	31-Aug-23	31-Aug-22	31-Aug-23	31-Aug-22
	RM'000	RM'000	RM'000	RM'000
The income tax (expense)/income consist of:				
- Current tax expense	(465)	(110)	(465)	(115)
- Deferred tax income	-	1,788	-	1,788
	<u>(465)</u>	<u>1,678</u>	<u>(465)</u>	<u>1,673</u>

#### B6. Notes to the statement of profit or loss and other comprehensive income

	Individual quarter ended		Cumulative period ended	
	31-Aug-23	31-Aug-22	31-Aug-23	31-Aug-22
	RM'000	RM'000	RM'000	RM'000
<u>After charging/(crediting):</u>				
Depreciation on property, plant and equipment	257	373	771	1,346
Interest expense	442	785	1,276	1,558
Share of loss of equity accounted associate	-	-	-	32
Bargain purchase from acquisition of subsidiaries	-	(151)	-	(151)
Fair value gain on investment properties	-	(17,300)	-	(17,300)
Gain on disposal of assets held for sale	-	-	(2,650)	-
Gain on disposal of property, plant and equipment	(3,329)	-	(3,329)	(73)
Interest income	(19)	(1)	(117)	(17)

#### B7. Corporate proposals

Save as disclosed in Note A9 and A16, there were no other corporate proposal pending for completion as at the date of this report.

#### B8. Group's borrowings

The Group's borrowings as at 31 August 2023 are as follows:

	Current	Non-current	Total
	Secured	Secured	
	RM'000	RM'000	RM'000
Term loans	8,505	19,135	27,640
Finance lease liabilities	75	14	89
Total	<u>8,580</u>	<u>19,149</u>	<u>27,729</u>

The above borrowings are denominated in Ringgit Malaysia.

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### PART B: OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS (CONT'D)

#### B9. Material litigation

##### **Hanwa Co. Ltd (“Hanwa” or “Plaintiff”) vs Ingenieur Gudang Berhad (“the Company” or “Defendant”) (Case No: WA-22NCC-519-07/2023)**

The Company had entered into a sale and purchase agreement dated 31 July 2017 for the sale of 41% of total issued and paid-up capital of Hanwa Steel Centre (M) Sdn Bhd to Hanwa (“Sale and Purchase Agreement dated 31 July 2017”); and had entered into a sale and purchase agreement dated 14 June 2019 for the sale of 10% of total issued and paid-up capital of Hanwa Steel Centre (M) Sdn Bhd to Hanwa (“Sale and Purchase Agreement dated 14 June 2019”) (collectively referred to as “Sale and Purchase Agreements”).

Pursuant to the Sale and Purchase Agreements, the Company was to pursue a tax appeal amounting to RM2,300,000, to the Pejabat Kastam Diraja Malaysia. The said appeal was rejected, and Hanwa claims there had been a breach of the Sale and Purchase Agreements.

On 26 September 2023, the Company received a Writ of Summons and Statement of Claim both dated 20 July 2023 filed by Hanwa against the Company.

The Plaintiff's claims against the Company are as follows:

- (a) A declaration that the Defendant had breached the Sale and Purchase Agreement dated 31 July 2017;
- (b) A declaration that the Defendant had breached the Sale and Purchase Agreement dated 14 June 2019;
- (c) The Defendant is to pay the Plaintiff a sum of RM943,000 according to the Share Sale Agreement dated 31 July 2017 immediately;
- (d) The Defendant is to pay the Plaintiff a sum of RM230,000 according to the Share Sale Agreement dated 14 June 2019 immediately;
- (e) The Defendant is to pay interests on the sum of RM943,000 and the sum of RM230,000 at the rate of 5% per annum from the date of filing of the Writ and Statement of Claim until full and final settlement;
- (f) Costs on solicitor-client basis; and
- (g) Interests on costs awarded at the rate of 5% per annum from the date of judgment until full and final settlement.

On 5 October 2023, during the case management held via e-review, the Court has directed, amongst others that the next case management be held on 21 November 2023 via e-review for parties to update on the status of filling of pleadings and interlocutory application, if any.

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### PART B: OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS (CONT'D)

#### B10. Proposed dividend

The Board did not recommend any dividend for the current quarter ended 31 August 2023.

#### B11. Earnings per ordinary share

##### (a) Basic

The basic earnings per share of the Group is calculated by dividing the earnings attributable to owners of the Company by the weighted average number of ordinary shares in issue during the reporting period.

	Individual financial quarter ended		Cumulative financial period ended	
	31-Aug-23	31-Aug-22	31-Aug-23	31-Aug-22
Profit attributable to owners of the Company (RM'000)	2,794	18,451	7,030	16,897
Weighted average number of ordinary shares ('000)	1,380,340	985,300	1,171,786	874,053
Basic earnings per share (sen)	0.20	2.07	0.60	1.93

##### (b) Diluted

The diluted earnings per share of the Group is calculated from the profit attributable to owners of the Company divided by weighted average number of shares outstanding after adjustment for the effects of all dilutive potential ordinary shares during the financial year.

The diluted earnings per share of the Group were not presented as the effect of the assumed conversion of ICPS on the earnings per ordinary share is anti-dilutive. The effect of the assumed exercise of Warrants has not been considered as the exercise price of the Warrants is higher than the average market price of the Company's shares.

This report is dated 23 October 2023.