

## **GABUNGAN AQRS BERHAD**

(Company No: 201001028608 (912527-A))

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the Fourth Quarter ended 31 December 2021

### **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 2020. 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 2020.

#### **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 2020 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 2021.

Amendments to MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest Rate Benchmark Reform - Phase 2
IFRS Interpretations Committee’s Agenda Decision on MFRS 123 (“Agenda Decision”)	Borrowing Costs relating to over time transfer of constructed goods

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements except for adoption of the Agenda Decision. The impact on adoption of Agenda Decision is shown in Note A2(c).

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

Amendments to MFRS 16	Covid-19- Related Rent Concessions beyond 30 June 2021
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- c. Adoption of Agenda Decision on MFRS 123 Borrowing Costs relating to over time transfer of constructed goods

Prior to the adoption of the Agenda Decision, borrowing costs incurred on property development were capitalised to the carrying value of the inventories until the completion of the construction of the asset. The borrowing costs capitalised in the inventories were recognised as cost of sales in profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

With the adoption of the Agenda Decision, the capitalisation of borrowing costs into a development project cease when is ready for sale. The Group has applied the Agenda Decision retrospectively with the restatement of statement of financial position as at 1 January 2020 and throughout all periods presented in the financial statements.

**A2. Changes in Accounting Policies (Cont'd)**

- c. Adoption of Agenda Decision on MFRS 123 Borrowing Costs relating to over time transfer of constructed goods (continued)

The effects of adoption of the Agenda Decision on the results for the fourth quarter ended 31 December 2020 and the financial positions as at 1 January 2020 and 31 December 2020 are as follows:

- (i) Reconciliation of statement of profit or loss for fourth quarter ended 31 December 2020

	QUARTER ENDED 31 DECEMBER 2020			YEAR ENDED 31 DECEMBER 2020		
	As previously stated	Effects of adoption of Agenda Decision	As restated	As previously stated	Effects of adoption of Agenda Decision	As restated
				<b>(AUDITED)</b>		
Revenue	94,271		94,271	202,262		202,262
Cost of sales	(79,784)	1,198	(78,586)	(233,888)	1,596	(232,292)
Gross profit / (loss)	14,487	1,198	15,685	(31,626)	1,596	(30,030)
Other income	4,848		4,848	9,494		9,494
Operating costs	(14,909)		(14,909)	(34,477)		(34,477)
Finance cost	(757)	(321)	(1,078)	(3,578)	(1,414)	(4,992)
Share of profit of a joint venture	33		33	365		365
Share of profit of an associate	(23)		(23)	152		152
Profit / (loss) before tax	3,679	877	4,556	(59,670)	182	(59,488)
Tax expense	7,165		7,165	5,856		5,856
Profit / (loss) for the financial period	10,844	877	11,721	(53,814)	182	(53,632)
Other comprehensive income, net of tax	-		-	-		-
Total comprehensive income / (loss) for the financial period	10,844	877	11,721	(53,814)	182	(53,632)
Attributable to:						
Owners of the parent	10,818	877	11,695	(54,453)	182	(54,271)
Non-controlling interests	26		26	639		639
	10,844	877	11,721	(53,814)	182	(53,632)
Earnings per ordinary share attributable to equity holders of the Company (sen) :						
- Basic	2.19	0.18	2.37	(11.04)	0.04	(11.00)
- Diluted	2.19	0.18	2.37	(11.04)	0.04	(11.00)

**A2. Changes in Accounting Policies (Cont'd)**

- c. Adoption of Agenda Decision on MFRS 123 Borrowing Costs relating to over time transfer of constructed goods (continued)

The effects of adoption of the Agenda Decision on the results for the fourth quarter ended 31 December 2020 and the financial positions as at 1 January 2020 and 31 December 2020 are as follows: (continued)

- (ii) Reconciliation of statement of financial position as at 1 January 2020

	As previously stated RM'000	Effects of adoption of Agenda Decision RM'000	As restated RM'000
<b>Non-current assets</b>	102,606	-	102,606
<b>Current assets</b>			
Inventories	417,766	(14,565)	403,201
Other current assets	962,901	-	962,901
	<u>1,380,667</u>	<u>(14,565)</u>	<u>1,366,102</u>
<b>Total assets</b>	<u>1,483,273</u>	<u>(14,565)</u>	<u>1,468,708</u>
<b>Equity</b>			
Retained earnings	184,924	(14,565)	170,359
Other equity	330,334	-	330,334
	<u>515,258</u>	<u>(14,565)</u>	<u>500,693</u>
<b>Total liabilities</b>	<u>968,015</u>	<u>-</u>	<u>968,015</u>
<b>Total equity and liabilities</b>	<u>1,483,273</u>	<u>(14,565)</u>	<u>1,468,708</u>

- (iii) Reconciliation of statement of financial position as at 31 December 2020

	As previously stated RM'000	Effects of adoption of Agenda Decision RM'000	As restated RM'000
<b>Non-current assets</b>	100,687	-	100,687
<b>Current assets</b>			
Inventories	363,314	(14,383)	348,931
Other current assets	875,894	-	875,894
	<u>1,239,208</u>	<u>(14,383)</u>	<u>1,224,825</u>
<b>Total assets</b>	<u>1,339,895</u>	<u>(14,383)</u>	<u>1,325,512</u>
<b>Equity</b>			
Retained earnings	125,537	(14,383)	111,154
Other equity	330,733	-	330,733
	<u>456,270</u>	<u>(14,383)</u>	<u>441,887</u>
<b>Total liabilities</b>	<u>883,625</u>	<u>-</u>	<u>883,625</u>
<b>Total equity and liabilities</b>	<u>1,339,895</u>	<u>(14,383)</u>	<u>1,325,512</u>

**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 2021	Construction RM'000	Property Development RM'000	Other RM'000	Inter-segment Elimination RM'000	Total RM'000
<b>Segment Revenue</b>					
External	247,277	69,163	14,333	-	330,773
Inter-segment	88,792	-	12,812	(101,604)	-
Total revenue	336,069	69,163	27,145	(101,604)	330,773
Interest income	3,775	127	1,638	(4,276)	1,264
Finance cost	(3,124)	(4,580)	(2,763)	4,499	(5,968)
Net finance expense	651	(4,453)	(1,125)	223	(4,704)
Share of profit of an associate	294	-	-	-	294
Share of profit of a joint venture	-	-	834	-	834
<b>Segment profit/(loss) before taxation</b>	<b>33,686</b>	<b>(6,283)</b>	<b>3,732</b>	<b>(6,794)</b>	<b>24,341</b>
Taxation	(7,606)	-	(1,035)	894	(7,747)
<b>Segment profit/(loss) after taxation</b>	<b>26,080</b>	<b>(6,283)</b>	<b>2,697</b>	<b>(5,900)</b>	<b>16,594</b>
Other material non-cash item:					
- Depreciation	(5,802)	(453)	(1,991)	347	(7,899)
Additions to non-current assets other than financial instruments and deferred tax assets					
	5,927	10	34	-	5,971
<b>Segment assets</b>	<b>946,901</b>	<b>562,943</b>	<b>523,354</b>	<b>(638,573)</b>	<b>1,394,625</b>
<b>Segment liabilities</b>	<b>701,634</b>	<b>496,530</b>	<b>85,628</b>	<b>(372,891)</b>	<b>910,901</b>
<b>12 months ended 31 December 2020 (Restated)</b>					
<b>Segment Revenue</b>					
External	144,921	45,987	11,354	-	202,262
Inter-segment	30,850	5,600	33,046	(69,496)	-
Total revenue	175,771	51,587	44,400	(69,496)	202,262
Interest income	4,045	132	912	(2,830)	2,259
Finance cost	(2,779)	(3,580)	(1,728)	3,095	(4,992)
Net finance expense	1,266	(3,448)	(816)	265	(2,733)
Share of loss of an associate	152	-	-	-	152
Share of profit of a joint venture	-	-	365	-	365
<b>Segment profit/(loss) before taxation</b>	<b>(28,672)</b>	<b>(32,061)</b>	<b>20,506</b>	<b>(19,261)</b>	<b>(59,488)</b>
Taxation	6,630	183	(863)	(94)	5,856
<b>Segment profit/(loss) after taxation</b>	<b>(22,042)</b>	<b>(31,878)</b>	<b>19,643</b>	<b>(19,355)</b>	<b>(53,632)</b>
Other material non-cash item:					
- Depreciation	(5,370)	(515)	(1,998)	1,470	(6,413)
Additions to non-current assets other than financial instruments and deferred tax assets					
	3,507	41	10	-	3,558
Impairment of intangible assets	-	-	-	(1,356)	(1,356)
Inventories written down	-	(7,476)	-	-	(7,476)
<b>Segment assets</b>	<b>926,303</b>	<b>534,663</b>	<b>443,055</b>	<b>(578,509)</b>	<b>1,325,512</b>
<b>Segment liabilities</b>	<b>707,115</b>	<b>453,401</b>	<b>34,609</b>	<b>(311,500)</b>	<b>883,625</b>

**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**

	As at 31 Dec 21 RM'000	As at 31 Dec 20 RM'000
Contracted but not provided for:		
- Freehold land held under development	-	58
	<u>-</u>	<u>58</u>

**A15. Contingent Liabilities**

	As at 31 Dec 21 RM'000	As at 31 Dec 20 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	124,586	128,965
	<u>124,586</u>	<u>128,965</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 <sup>th</sup> Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/12/2021	31/12/2020		31/12/2021	31/12/2020	
	RM'000	RM'000 (Restated)		RM'000	RM'000 (Restated)	
Revenue	66,153	94,271	(29.83)	330,773	202,262	63.53
Profit Before Tax	10,801	4,556	137.07	24,341	(59,488)	140.92
Profit After Taxation	5,061	11,721	(56.82)	16,594	(53,632)	130.94

The Group recorded revenue of RM66.2 million in 4Q21. The lower revenue is attributable to the recognition of Liquidated Ascertained Damages (LAD) for The Peak which impacted the revenue line by negative RM8.5 million. In 4Q21, PBT increased by 137.1% year-on-year to RM10.8 million, as the Group's operations continue to improve on its efficiencies post the various Movement Control Orders. Profit after tax for 4Q21 stood at RM5.1 million, including recognition of LAD amounting to RM8.5 million.

In 4Q21, the Group's operating costs stood at RM10.3 million, 31.1% or RM4.6 million lower compared to 4Q20. Cumulatively in FYE 2021, operating costs registered a 8.6% reduction to RM31.5 million, a record low for the Group. These are results of continuous strategic operating cost management initiatives that the Group undertook.

**Construction segment**

	Individual Period (4 <sup>th</sup> Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	31/12/2021	31/12/2020		31/12/2021	31/12/2020	
	RM'000	RM'000		RM'000	RM'000	
Revenue	83,108	63,345	31.20	336,069	175,771	91.20
Profit Before Tax	23,176	289	7,919.38	33,686	(28,672)	217.49
Profit After Taxation	18,177	6,944	161.77	26,080	(22,042)	218.32

The construction division reported a revenue of RM83.1 million in 4Q21, representing a 31.2% increase compared to 4Q20. This quarter, revenue was mainly contributed by the LRT3 project.

The construction division reported a PBT of RM23.2 million in 4Q21, compared to RM0.3 million in 4Q20. The increase in PBT is due to higher work progress achieved during the quarter coupled with greater operations efficiency.

**B1. Review of Performance (Cont'd)**

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

**Property Development segment**

	Individual Period (4 <sup>th</sup> Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31/12/2021	31/12/2020		31/12/2021	31/12/2020	
	RM'000	RM'000 (Restated)		RM'000	RM'000 (Restated)	
Revenue	8,867	38,278	(76.84)	69,163	51,587	34.07
(Loss)/Profit Before Tax	(11,011)	3,723	(395.76)	(6,283)	(32,061)	80.40
(Loss)/Profit After Taxation	(11,011)	3,724	(395.68)	(6,283)	(31,878)	80.29

The property development division reported revenue of RM8.9 million in 4Q21, compared to RM38.3 million in 4Q20. The lower revenue in 4Q21 is due to the recognition of LAD which reduced its revenue by RM8.5 million. Excluding the impact of LAD to revenue, the core operational revenue for the Property Development division in 4Q21 would be RM17.4 million.

The division reported a loss before tax of RM11.0 million in 4Q21, compared to a PBT of RM3.7 million in 4Q20. The losses were as a result of the recognition of LAD and impairment losses on financial instruments that impacted PBT by -RM8.5 million and -RM2.5 million respectively. Excluding the recognition of LAD and impairment losses on financial instruments, the property development division would have registered a LBT of RM0.06 million.

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

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/12/2021	30/9/2021	
	RM'000	RM'000	
Revenue	66,153	79,389	(16.67)
Profit Before Tax	10,801	3,906	176.52
Profit After Tax	5,061	3,060	65.39

Overall, the Group's revenue and profit before tax for the current quarter of RM66.2 million and RM10.8 million respectively, as compared to the immediate preceding quarter revenue and profit before tax of RM79.4 million and RM3.9 million respectively. The higher profit before tax is as a result of increased construction activities that were able to be executed.

**B3. Prospects**

Following the successful sales performance of E'Island Lake Haven, the management is embarking on the next phase of growth that would see the expansion of its property development portfolio in strategic locations, which will also benefit the construction division. These prospective developments would focus on niche products for different segments of the market. Further details of the new businesses shall be revealed within the first-half of FYE 2022.



### B3. Prospects (Cont'd)

GBG currently has RM1.76 billion in future gross revenue to be recognised up to FYE 2024, comprising RM1.06 billion from the construction division and RM0.70 billion from the property development division.

As at 4Q21, our total cash and cash equivalents has increased to RM156.5 million, representing a 31.9% or RM37.8 million increase compared to 4Q20. The Group's total borrowings stood at RM273.1 million, comprising RM0.6 million in long-term borrowings and RM272.5 million in short-term borrowings (64.71% are project financing related). As a result of higher cash and cash equivalents, our net gearing has improved to 0.25x as at 4Q21, compared to 0.32x in 4Q20.

Our continuous strategic operating cost management initiatives continues to benefit the Group, evidenced by the further 8.6% or RM2.9 million reduction in operating costs to RM31.5 million in FYE 2021, a record low for the Group.

Against the backdrop of a challenging operating environment, the Group's business fundamentals remain strong and is anticipated, barring any unforeseen circumstances, to stage a meaningful recovery in FYE 2022.

#### (a) Construction Division

The Group's construction division is armed with a healthy outstanding orderbook of RM1.06 billion, that will sustain earnings and cashflow contribution up to FYE 2023. In FYE 2022, the Group has set a construction orderbook replenishment target of RM500 million.

Operations at our project sites, including the workforce of our subcontractors and suppliers are currently operating at full-capacity, with strict adherence to the standard operating procedures issued by the authorities. Barring any unforeseen circumstances, going forward, we expect to register a sequential growth in activities.

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

##### Property Sales Units Increased by 22.6% in 2021

Property Sales	2021		2020	
	No of Units	Sales Value	No of Units	Sales Value
	391	RM194.0 million	319	RM207.1 million

In 4Q21, the Group achieved RM44.4 million in property sales that comprise 100 units of E'Island Lake Haven, as compared to RM57.7 million in property sales in 4Q20. For the full-year of FYE 2021, we registered 391 units of property sales worth RM194.0 million, surpassing our 300-unit sales target for the year.

Year to date in FYE 2022, as at 20 February 2022, we have secured 12 units of sales worth RM5.6 million, with additional bookings worth RM42.7 million that are undergoing loan applications stage.

**B3. Prospects (Cont'd)**

(b) Property Development Division (Cont'd)

**Property Sales Summary up to 20 February 2022**

	No of Units				Take Up	Cumulative Sales since 2Q19
	Unsold as at (Jan 21)	Sold (2021)	Sold (Jan '22 to 20 Feb 2022)	Sold (Jan 21 to 20 Feb 2022)		
<b><u>Developments Under Construction</u></b>						
E'Island Lake Haven	739 of 1,140	384	12	396	797 units or 70%	RM340.4m
The Peak	395 of 668	1	-	1	270 units or 40%	RM103.0m
<b><u>Completed Developments</u></b>						
Contours	7 of 40	5	-	5	38 units or 95%	RM32.2m
Permas Centro	1 of 99	1	-	1	100%	RM15.5m
Kinrara Uptown	2 of 177		-	-	175 or 99%	-
<b>Total</b>	<b>1,144</b>	<b>391</b>	<b>12</b>	<b>403</b>		<b>RM491.1m</b>
						<b>Bookings</b>
						RM42.7m

Based on the table above, since the relaunch of our property development division in 2Q19, we have achieved RM491.1 million in total property sales. Additionally, we have RM42.7 million in property bookings pending loan conversions.

As our property sales momentum continue to be robust, plans have been initiated on new property development projects to provide visibility of future earnings and cashflow beyond FYE 2023. Currently, we are in the process of finalising several property development joint-ventures that is expected to be concluded by 1Q22, which is expected to boost our total Gross Development Value pipeline by RM400 million.

As at 31 December 2021, our total sold and unbilled sales stand at RM352.5 million, which will mostly be recognised in FYE 2022 and FYE 2023. As a comparison, our total sold and unbilled sales stood at RM244.5 million in 4Q20.

**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 21	31 Dec 20	31 Dec 21	31 Dec 20
	RM'000	RM'000	RM'000	RM'000
Interest income	287	429	1,264	2,258
Reversal of impairment losses of receivables	6,461	2,897	6,885	2,897
Reversal of impairment losses of property, plant and equipment	(97)	-	1,055	-
Other income	721	638	1,289	3,374
Interest expense (excluding interest capitalised)	(2,100)	(989)	(5,933)	(3,810)
Depreciation and amortisation	(2,828)	(1,695)	(7,899)	(6,413)
Impairment losses of receivables	(2,876)	(4,771)	(3,575)	(4,834)
(Loss)/gain of fair value on investment	(438)	849	(768)	849
Impairment losses of intangible assets	-	(1,356)	-	(1,356)
Impairment losses of property, plant and equipment	-	(1,151)	-	(1,151)
Property, plant and equipment written off	-	-	-	(4)
Gain/(loss) on disposal of property, plant and equipment	4	-	1	80
Inventory written down	-	(7,476)	-	(7,476)
Bad debts written off	-	-	(2)	-
Foreign exchange gain or loss	*	*	*	*
Gain or loss on derivatives	*	*	*	*
Exceptional items	*	*	*	*

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

**B6. Taxation**

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 21	31 Dec 20	31 Dec 21	31 Dec 20
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Current year	1,310	548	1,406	2,118
- Previous year	212	(3,982)	93	(4,165)
	<u>1,522</u>	<u>(3,434)</u>	<u>1,499</u>	<u>(2,047)</u>
Deferred taxation				
- Current year	4,281	(5,075)	6,311	(5,153)
- Prior years	(63)	1,344	(63)	1,344
	<u>4,218</u>	<u>(3,731)</u>	<u>6,248</u>	<u>(3,809)</u>
	<u>5,740</u>	<u>(7,165)</u>	<u>7,747</u>	<u>(5,856)</u>

The Group effective tax rate for the cumulative quarter is higher than the statutory rate mainly due to non-allowable expenses for tax deduction and non-recognition of deferred tax assets for loss making subsidiaries.

## B7. Status of Corporate Proposals Announced

There are no corporate proposals announced by the Company but not completed as at 17 February 2022, being the latest practicable date, which is not earlier than 7 days from the date of issuance of this interim financial report.

### Status of Utilisation of Private Placement Proceeds

Pursuant to the Private Placement Exercise which was duly completed upon the subscription and listing of 49,342,852 Placement shares at RM0.6111 each on the Main Market of Bursa Malaysia Securities Berhad with effect from 5 April 2021, the gross proceeds raised from the Private Placement Exercise was RM30,153,417 and current utilisation status as at 17 February 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	22,556	Within 24 months	-	-	
Defrayment of expenses related to the Proposed Private Placement	662	684	Upon completion	(22)	(3.3)	<i>Under-estimation of professional cost</i>
<b>Total</b>	<b>30,153</b>	<b>23,240</b>		<b>(22)</b>		

## B8. Group Borrowings and Debt Securities

### As at 31 December 2021

	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
- Term loan	582	98,873	99,455
- Revolving credit	-	2,000	2,000
- Bank overdrafts	-	171,604	171,604
	<u>582</u>	<u>272,477</u>	<u>273,059</u>

### As at 31 December 2020

	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
- Term loan	16,273	24,236	40,509
- Revolving credit	-	2,000	2,000
- Bank overdrafts	-	215,533	215,533
	<u>16,273</u>	<u>241,769</u>	<u>258,042</u>

## B9. Dividend

No dividend has been proposed by the Board of Directors for the current quarter ended 31 December 2021.

## **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 appeal is fixed for case management before the Deputy Registrar of the Court of Appeal on 7 April 2022, pending the issuance of the grounds of judgment by the Shah Alam High Court.

Meanwhile, the trial of the Suit is fixed on 17, 18, 24-27 July 2023. The Suit is fixed for case management on 3 March 2022 for parties to update the court on the progress of trial preparation.

- (b) On 1 October 2020, Gabungan Strategik Sdn Bhd (“GSSB”), the subsidiary of the company, filed a Writ of Summons against: -
- (i) Geonamics (M) Sdn Bhd (“1st Defendant”)
  - (ii) Jurutera Perunding Primareka Sdn Bhd (“2nd Defendant”)
  - (iii) Yee Yong Yip (“3rd Defendant”)
  - (iv) Tiong Ping Siing (“4th Defendant”)
  - (v) Tang Pui San (“5th Defendant”)
  - (vi) Mohd Noor Nazrul Bin Mohd Yusof (“6th Defendant”)
  - (vii) Azmi Bin Md Aziz (“7th Defendant”)
  - (viii) Wong Kee Choo (“8th Defendant”)
  - (ix) Choon Suan Fatt (“9th Defendant”)
  - (x) Ahmad Bashti Bin Azmi (“10th Defendant”)
  - (xi) Foo Mun Pong (“11th Defendant”)

For negligence and/or breach of employment contracts with GSSB, in connection with a contract awarded to GSSB for the earthworks, piling works, and substructure works for a project known as the Paloma Project. In the said suit, GSSB claims losses of RM14,392,347.10.

#### **B10. Material litigation (Cont'd)**

(b) In March 2021, the following defendants applied to strike out GSSB's Suit against them: -

1. 2nd Defendant;
2. 3rd Defendant;
3. 4th to 6th Defendants and 11 Defendant; and
4. 9th and 10th Defendants,  
(collectively the "Striking Out Applications")

The 1st Defendant applied for a Determination of Question of Law under Order 14A of the Rules of Court, 2021 on 19 March 2021 ("Order 14A Application").

The Striking Out Applications and Order 14A Application were heard before the Kuala Lumpur High Court Judge on 17 August 2021. The Judge reserved his decision to be delivered on 18 October 2021.

On 18 October 2021, the Judicial Commissioner allowed the 1st Defendant's Order 14A Application and proceeded to dismiss GSSB's claim against the 1st Defendant with costs of RM7,000-00 awarded against GSSB.

The Judge also allowed in part the Striking Out Applications, struck out GSSB's claims against the Defendants founded in negligence and ordered GSSB's claims against the Defendants founded in contract to be tried. In summary, the decision resulted in:

- i) GSSB's claims against the 2nd Defendant (Jurutera Perunding Primareka) to be wholly struck out with costs of RM7,000-00 awarded against GSSB; and
- ii) GSSB's claim against the employee defendants (3rd to 6th and 9th 11th Defendants) to be struck out in part, with costs in the cause. GSSB's claims against the employee defendants that are founded in contract were ordered to be tried.

GSSB appealed to the Court of Appeal against the aforesaid decisions. Furthermore, each employee defendant appealed to the Court of Appeal against the High Court decision to not allow their striking out applications in full. As a result, there are presently 8 separate appeals pending before the Court of Appeal arising from the High Court 18 October 2021 decision. On 12 January 2022, the Court of Appeal directed that GSSB's appeals and the employee defendants' appeals, arising from the High Court 18 October 2021 decision to be heard together. The appeals are slated to be heard by the Court of Appeal on 5 September 2022.

Meanwhile, GSSB's General Discovery Application that was initially fixed for hearing at the High Court on 20 January 2022 had been vacated, pending the disposal of the aforesaid appeals to the Court of Appeal. The case management is fixed on 24 February 2022 before the Deputy Registrar of the Kuala Lumpur High Court for parties to update the High Court on the progress at the Court of Appeal.

## B11. Earnings Per Share

### (a) Basic

The basic earnings per share are calculated by dividing the profit attributable to owners of the Company for the financial period by the weighted average number of ordinary shares in issue during the financial period under review.

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 21 RM'000	31 Dec 20 RM'000 Restated	31 Dec 21 RM'000	31 Dec 20 RM'000 Restated
Profit attributable to equity holders of the Company (RM'000)	5,078	11,695	16,280	(54,271)
Weighted average number of ordinary shares ('000)	542,771	493,429	529,929	493,429
<b>Basic earnings per share (sen)</b>	<b>0.94</b>	<b>2.37</b>	<b>3.07</b>	<b>(11.00)</b>

### (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 21 RM'000	31 Dec 20 RM'000 Restated	31 Dec 21 RM'000	31 Dec 20 RM'000 Restated
Profit attributable to equity holders of the Company (RM'000)	5,078	11,695	16,280	(54,271)
No of ordinary shares for basic earnings per share computation	542,771	493,429	529,929	493,429
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	612,824	649,324	612,824
<b>Diluted earnings per share (sen)</b>	<b>0.77</b>	<b>1.91</b>	<b>2.51</b>	<b>(8.86)</b>

## B12. Authorisation for Issue

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