

**GABUNGAN AQRS BERHAD**

(Company No: 201001028608 (912527-A))

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the Second Quarter ended 30 June 2022

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

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

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

**A2. Changes in Accounting Policies**

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

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

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

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

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

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

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

**A3. Qualification of Financial Statements**

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

**A4. Seasonal or Cyclical Factors**

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

**A5. Nature and Amount of Unusual Items**

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

**A6. Nature and Amount of Changes in Estimates**

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

**A7. Issuance and Repayment of Debt and Equity Securities**

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

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

**A8. Dividend Paid**

No dividend has been paid during the current quarter.

**A9. Segmental Information**

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

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

(i) Construction

Securing and carrying out construction contracts.

(ii) Property development

Development of residential and commercial properties.

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

## A9. Segmental Information (Cont'd)

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

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

There are no material capital commitments for the current quarter and financial year-to-date.

**A15. Contingent Liabilities**

|  | As at<br>30 June 22<br>RM'000 | As at<br>31 Dec 21<br>RM'000 |
|--|-------------------------------|------------------------------|
| Bank guarantees given by financial institutions in respect of construction and property projects | <u>122,485</u>                | <u>123,812</u>               |

**B Explanatory Notes in Compliance with listing Requirements of the Bursa Malaysia**

**B1. Review of Performance**

**Performance of current quarter against the preceding year corresponding quarter**

**Group**

|                       | Individual Period<br>(2 <sup>nd</sup> Quarter) |                                      | Changes<br>(%) | Cumulative Period    |                                     | Changes<br>(%) |
|-----------------------|--|--------------------------------------|----------------|----------------------|-------------------------------------|----------------|
|                       | Current Year Quarter                           | Preceding Year Corresponding Quarter |                | Current Year To-date | Preceding Year Corresponding Period |                |
|                       | 30/6/2022                                      | 30/6/2021                            |                | 30/6/2022            | 30/6/2021                           |                |
|                       | RM'000   | RM'000                               |                | RM'000               | RM'000                              |                |
| Revenue               | 79,083   | 98,736                               | (19.9)         | 150,807              | 185,231                             | (18.6)         |
| Profit Before Tax     | 6,451  | 3,571                                | 80.6           | 13,072               | 9,634                               | 35.7           |
| Profit After Taxation | 5,513  | 3,626                                | 52.0           | 11,032               | 8,473                               | 30.2           |

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

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

**Construction segment**

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

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

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

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

**Property Development segment**

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

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

Profit after tax stood at RM4.2 million in 2Q22, representing a 30.4% increase year-on-year. Included in the profit before tax is the recognition of net LADs worth RM0.4 million. Excluding the LADs, the division reported a core profit after tax of RM4.7 million.

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

|                   | Current<br>Quarter | Immediate<br>Preceding<br>Quarter | Changes<br>(%) |
|-------------------|--------------------|-----------------------------------|----------------|
|                   | 30/6/2022          | 31/3/2022                         |                |
|                   | RM'000             | RM'000                            |                |
| Revenue           | 79,083             | 71,724                            | 10.3           |
| Profit Before Tax | 6,451              | 6,621                             | (2.6)          |
| Profit After Tax  | 5,513              | 5,519                             | (0.1)          |

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

### **B3. Prospects**

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

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

We continue to focus on our business fundamentals and expect a stronger 2H22.

#### **(a) Construction Division**

The Group's construction division is armed with a healthy outstanding orderbook of RM1.07 billion, that will sustain earnings and cashflow contribution up to FYE 2025.

In FYE 2022, we are targeting an orderbook replenishment rate of RM500 million. Year to date, the construction division has secured RM98.6 million in new construction jobs. While we continue to be on the lookout for new construction jobs, prospective jobs will have to generate healthy margins and cashflows.

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

#### **(b) Property Development Division**

In 2Q22, the Group achieved RM25.0 million in property sales that comprise 56 units of E'Island Lake Haven. Year-to-date as at 16 August 2022, the Group has achieved RM57.4 million in property sales, comprising of 129 units of properties.

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

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

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

(b) Property Development Division (Cont'd)

**Property Sales Summary up to 16 August 2022**

|  | No of Units           |              |                                   |  | Take Up          | Cumulative Sales since 2Q19 |
|--|-----------------------|--------------|-----------------------------------|--|------------------|-----------------------------|
|  | Unsold as at (Jan 22) | Sold in 1H22 | Sold (July '22 to 16 August 2022) | Sold (Year to date up to 16 August 2022) |                  |                             |
| <b>Developments Under Construction</b> |                       |              |                                   |  |                  |                             |
| E'Island Lake Haven                    | 355 of 1,140          | 97           | 32                                | 129                                      | 914 units or 80% | RM392.3m                    |
| The Peak                               | 398 of 668            | -            | -                                 | -  | 270 units or 40% | RM103.0m                    |
| <b>Completed Developments</b>          |                       |              |                                   |  |                  |                             |
| Contours                               | 2 of 40               | -            | -                                 | -  | 38 units or 95%  | RM32.2m                     |
| Permas Centro                          | -                     | -            | -                                 | -  | 100%             | RM15.5m                     |
| Kinrara Uptown                         | 2 of 177              | -            | -                                 | -  | 175 or 99%       | -                           |
| <b>Total</b>                           | <b>757</b>            | <b>97</b>    | <b>32</b>                         | <b>129</b>                               |                  | <b>RM543.0m</b>             |
|  |                       |              |                                   |  |                  | <b>Bookings</b>             |
|  |                       |              |                                   |  |                  | RM40.1m                     |

Based on the table above, since the relaunch of our property development division in 2Q19, we have achieved RM543.0 million in property sales. Additionally, we have RM40.1 million in property bookings pending loan conversions.

As our property sales momentum continue to be robust, plans are being finalised to expand our property development portfolio and would result in continuity of future earnings and cashflow contributions from FYE 2023 to FYE 2027.



**B4. Profit Forecast and Profit Estimate**

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

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

|  | Current Quarter<br>3 months ended |                      | Cumulative Quarter<br>6 months ended |                      |
|--|-----------------------------------|----------------------|--------------------------------------|----------------------|
|  | 30 June 22<br>RM'000              | 30 June 21<br>RM'000 | 30 June 22<br>RM'000                 | 30 June 21<br>RM'000 |
| Interest income  | 383                               | 463                  | 710                                  | 803                  |
| Reversal of impairment losses of receivables           | 349                               | 173                  | 377                                  | 173                  |
| Reversal of impairment losses of investment properties | -                                 | 1,151                | -                                    | 1,151                |
| Other income   | (22)                              | 124                  | 1,280                                | 375                  |
| Interest expense (excluding interest capitalised)      | (1,885)                           | (997)                | (3,621)                              | (1,716)              |
| Depreciation and amortisation                          | (1,775)                           | (1,698)              | (3,561)                              | (3,336)              |
| Impairment losses of receivables                       | (241)                             | (75)                 | (1,229)                              | (698)                |
| Loss of fair value on investment                       | -                                 | -                    | -                                    | (330)                |
| Loss on disposal of property, plant and equipment      | -                                 | -                    | -                                    | (3)                  |
| Bad debts written off                                  | -                                 | (3)                  | -                                    | (2)                  |
| Foreign exchange gain or loss                          | *                                 | *                    | *                                    | *                    |
| Gain or loss on derivatives                            | *                                 | *                    | *                                    | *                    |
| Exceptional items                                      | *                                 | *                    | *                                    | *                    |

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

**B6. Taxation**

|                   | Current Quarter<br>3 months ended |                      | Cumulative Quarter<br>6 months ended |                      |
|-------------------|-----------------------------------|----------------------|--------------------------------------|----------------------|
|                   | 30 June 22<br>RM'000              | 30 June 21<br>RM'000 | 30 June 22<br>RM'000                 | 30 June 21<br>RM'000 |
| Current taxation  |                                   |                      |                                      |                      |
| - Current year    | 436                               | -                    | 1,611                                | 42                   |
| - Previous year   | 484                               | -                    | 484                                  | -                    |
|                   | 920                               | -                    | 2,095                                | 42                   |
| Deferred taxation |                                   |                      |                                      |                      |
| - Current year    | 18                                | (55)                 | (55)                                 | 1,119                |
| - Prior years     | -                                 | -                    | -                                    | -                    |
|                   | 18                                | (55)                 | (55)                                 | 1,119                |
|                   | 938                               | (55)                 | 2,040                                | 1,161                |

The Group effective tax rate for the cumulative quarter is lower than the statutory rate mainly due to utilisation of unabsorbed business loss.

**B7. Status of Corporate Proposals Announced**

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

Status of Utilisation of Private Placement Proceeds

Pursuant to the Private Placement Exercise which was duly completed upon the subscription and listing of 49,342,852 Placement shares at RM0.6111 each on the Main Market of Bursa Malaysia Securities Berhad with effect from 5 April 2021, the gross proceeds raised from the Private Placement Exercise was RM30,153,417 and current utilisation status as at 17 August 2022 is as set out below:-

| Purpose  | Proposed utilisation<br>RM'000 | Actual utilisation<br>RM'000 | Intended timeframe for utilisation | Deviation        |   | Explanations                                 |
|--|--------------------------------|------------------------------|------------------------------------|------------------|---|--|
|  |                                |                              |                                    | Amount<br>RM'000 | % |  |
| Funding for existing and future property development and construction projects | 29,491                         | 29,491                       | Within 24 months                   | -                | - |  |
| Defrayment of expenses related to the Proposed Private Placement               | 662                            | 662                          | Upon completion                    | -                | - | <i>Under-estimation of professional cost</i> |
| <b>Total</b>   | <b>30,153</b>                  | <b>30,153</b>                |                                    | <b>-</b>         |   |  |

**B8. Group Borrowings and Debt Securities**

As at 30 June 2022

|                    | Long term<br>RM'000 | Short term<br>RM'000 | Total<br>borrowings<br>RM'000 |
|--------------------|---------------------|----------------------|-------------------------------|
| <b>Secured</b>     |                     |                      |                               |
| - Term loan        | 406                 | 88,370               | 88,776                        |
| - Revolving credit | -                   | 1,900                | 1,900                         |
| - Bank overdrafts  | -                   | 186,462              | 186,462                       |
|                    | <u>406</u>          | <u>276,732</u>       | <u>277,138</u>                |

As at 30 June 2021

|                    | Long term<br>RM'000 | Short term<br>RM'000 | Total<br>borrowings<br>RM'000 |
|--------------------|---------------------|----------------------|-------------------------------|
| <b>Secured</b>     |                     |                      |                               |
| - Term loan        | 19,755              | 82,310               | 102,065                       |
| - Revolving credit | -                   | 2,000                | 2,000                         |
| - Bank overdrafts  | -                   | 179,373              | 179,373                       |
|                    | <u>19,755</u>       | <u>263,683</u>       | <u>283,438</u>                |

**B9. Dividend**

No dividend has been proposed by the Board of Directors for the current quarter ended 30 June 2022.

## **B10. Material litigation**

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

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

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

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

GAB and TVSB have filed an application for further and better particulars of Bernard’s Defence (“Application”), which was dismissed by the High Court on 25 August 2021. GAB and TVSB appealed to the Court of Appeal against the aforesaid decision on 23 September 2021. The case management for the appeal is fixed for hearing on 12 December 2022.

Meanwhile, the trial of the Suit is fixed on 17, 18, 24-27 July 2023. The court gave directions for the filing of documents between the period of November 2022 to the trial dates. The Suit is fixed for case management on 4 October 2022 for parties to update the court on the status of the further and better particular appeal.

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

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

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

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

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

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

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

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

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

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

GSSB appealed to the Court of Appeal against the aforesaid decisions. Furthermore, each employee defendant appealed to the Court of Appeal against the High Court decision to not allow their striking out applications in full. As a result, there are presently 8 separate appeals pending before the Court of Appeal arising from the High Court 18 October 2021 decision. On 12 January 2022, the Court of Appeal directed that GSSB's appeals and the employee defendants' appeals, arising from the High Court 18 October 2021 decision to be heard together. The appeals are slated to be heard by the Court of Appeal on 22 August 2022, however the hearing for the 8 appeals is then fixed on Tuesday, 21 February 2023.

Meanwhile, GSSB's General Discovery Application that was initially fixed for hearing at the High Court on 20 January 2022 had been vacated, pending the disposal of the aforesaid appeals to the Court of Appeal. The case management on 21 June 2022 and 28 June 2022 was to update the Kuala Lumpur High Court on the status of obtaining retrospective sanction from bankruptcy court, in order to proceed against Mohd Noor Nazrul Bin Mohd Yusof (6th Defendant) and Wong Kee Choo (8th Defendant) and to update the Court on the outcome of its leave application at Kuantan High Court. Accordingly, the next case management is fixed on 6 October 2022 for parties to update Court on the outcome of the appeals at the Court of Appeal.

## B11. Earnings Per Share

### (a) Basic

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

|  | Current Quarter<br>3 months ended |                      | Cumulative Quarter<br>6 months ended |                      |
|--|-----------------------------------|----------------------|--------------------------------------|----------------------|
|  | 30 June 22<br>RM'000              | 30 June 21<br>RM'000 | 30 June 22<br>RM'000                 | 30 June 21<br>RM'000 |
| Profit attributable to equity holders<br>of the Company (RM'000) | 5,547                             | 3,635                | 10,984                               | 8,180                |
| Weighted average number of ordinary<br>shares ('000)             | 542,771                           | 540,060              | 542,771                              | 516,873              |
| <b>Basic earnings per share (sen)</b>                            | <b>1.02</b>                       | <b>0.67</b>          | <b>2.02</b>                          | <b>1.58</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<br>3 months ended |                      | Cumulative Quarter<br>6 months ended |                      |
|--|-----------------------------------|----------------------|--------------------------------------|----------------------|
|  | 30 June 22<br>RM'000              | 30 June 21<br>RM'000 | 30 June 22<br>RM'000                 | 30 June 21<br>RM'000 |
| Profit attributable to equity holders of the<br>Company (RM'000)               | 5,547                             | 3,635                | 10,984                               | 8,180                |
| No of ordinary shares for basic<br>earnings per share computation              | 542,771                           | 540,060              | 542,771                              | 516,873              |
| Effect of dilution<br>- on assumption that remaining warrants<br>are exercised | 119,395                           | 119,395              | 119,395                              | 119,395              |
| Weighted average number of ordinary<br>shares ('000)                           | 662,166                           | 659,455              | 662,166                              | 636,268              |
| <b>Diluted earnings per share (sen)</b>  | <b>0.84</b>                       | <b>0.55</b>          | <b>1.66</b>                          | <b>1.29</b>          |

## B12. Authorisation for Issue

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