

**GABUNGAN AQRS BERHAD**

(Company No: 201001028608 (912527-A))

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the First Quarter ended 31 March 2023

**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 2022. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2022.

**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 2022 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 2023.

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

**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:

| <b>3 months ended 31 March 2023</b>  | <b>Construction<br/>RM'000</b> | <b>Property<br/>Development<br/>RM'000</b> | <b>Other<br/>RM'000</b> | <b>Inter-segment<br/>Elimination<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
|--|--------------------------------|--|-------------------------|---|-------------------------|
| <b>Segment Revenue</b>   |                                |  |                         |   |                         |
| External   | 55,647                         | 29,008                                     | 576                     | -   | 85,231                  |
| Inter-segment  | 28,706                         | -  | 1,867                   | (30,573)  | -                       |
| <b>Total revenue</b>   | <b>84,353</b>                  | <b>29,008</b>                              | <b>2,443</b>            | <b>(30,573)</b>                                 | <b>85,231</b>           |
| Interest income  | 1,137                          | 50   | 1,045                   | (1,572)   | 660                     |
| Finance cost   | (1,324)                        | (1,490)                                    | (1,524)                 | 1,625   | (2,713)                 |
| <b>Net finance expense</b>   | <b>(188)</b>                   | <b>(1,440)</b>                             | <b>(479)</b>            | <b>53</b>                                       | <b>(2,708)</b>          |
| Share of profit of an associate  | 159                            | -  | -                       | -   | 159                     |
| Share of profit of a joint venture   | -                              | -  | 686                     | -   | 686                     |
| <b>Segment profit/(loss) before taxation</b>   | <b>6,290</b>                   | <b>2,842</b>                               | <b>(1,268)</b>          | <b>(2,849)</b>                                  | <b>5,015</b>            |
| Taxation   | (1,546)                        | -  | -                       | 33  | (1,513)                 |
| <b>Segment profit/(loss) after taxation</b>  | <b>4,744</b>                   | <b>2,842</b>                               | <b>(1,268)</b>          | <b>(2,816)</b>                                  | <b>3,502</b>            |
| Other material non-cash item:  |                                |  |                         |   |                         |
| - Depreciation   | (1,376)                        | (111)                                      | (730)                   | 354   | (1,863)                 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 312                            | 25   | 14                      | -   | 351                     |
| <b>Segment assets</b>  | <b>1,019,764</b>               | <b>566,836</b>                             | <b>598,683</b>          | <b>(786,990)</b>                                | <b>1,398,293</b>        |
| <b>Segment liabilities</b>   | <b>759,120</b>                 | <b>495,523</b>                             | <b>163,778</b>          | <b>(525,202)</b>                                | <b>893,219</b>          |
| <b>3 months ended 31 March 2022</b>  | <b>Construction<br/>RM'000</b> | <b>Property<br/>Development<br/>RM'000</b> | <b>Other<br/>RM'000</b> | <b>Inter-segment<br/>Elimination<br/>RM'000</b> | <b>Total<br/>RM'000</b> |
| <b>Segment Revenue</b>   |                                |  |                         |   |                         |
| External   | 42,319                         | 25,101                                     | 4,304                   | -   | 71,724                  |
| Inter-segment  | 20,890                         | -  | 1,787                   | (22,677)  | -                       |
| <b>Total revenue</b>   | <b>63,209</b>                  | <b>25,101</b>                              | <b>6,091</b>            | <b>(22,677)</b>                                 | <b>71,724</b>           |
| Interest income  | 990                            | 27   | 388                     | (1,078)   | 327                     |
| Finance cost   | (875)                          | (1,252)                                    | (762)                   | 1,153   | (1,736)                 |
| <b>Net finance expense</b>   | <b>115</b>                     | <b>(1,225)</b>                             | <b>(374)</b>            | <b>75</b>                                       | <b>(1,409)</b>          |
| Share of loss of an associate  | 116                            | -  | -                       | -   | 116                     |
| Share of profit of a joint venture   | -                              | -  | 155                     | -   | 155                     |
| <b>Segment profit/(loss) before taxation</b>   | <b>3,587</b>                   | <b>2,858</b>                               | <b>501</b>              | <b>(325)</b>                                    | <b>6,621</b>            |
| Taxation   | (908)                          | -  | (267)                   | 73  | (1,102)                 |
| <b>Segment profit/(loss) after taxation</b>  | <b>2,679</b>                   | <b>2,858</b>                               | <b>234</b>              | <b>(252)</b>                                    | <b>5,519</b>            |
| Other material non-cash item:  |                                |  |                         |   |                         |
| - Depreciation   | (1,539)                        | (111)                                      | (496)                   | 360   | (1,786)                 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 1,067                          | 1  | 13                      | -   | 1,081                   |
| <b>Segment assets</b>  | <b>975,193</b>                 | <b>572,914</b>                             | <b>538,852</b>          | <b>(658,766)</b>                                | <b>1,428,193</b>        |
| <b>Segment liabilities</b>   | <b>721,833</b>                 | <b>509,468</b>                             | <b>100,915</b>          | <b>(392,699)</b>                                | <b>939,517</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>31 Mar 23<br>RM'000 | As at<br>31 Dec 22<br>RM'000 |
|--|------------------------------|------------------------------|
| Bank guarantees given by financial institutions in respect of construction and property projects | <u>95,137</u>                | <u>95,137</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>(1 <sup>st</sup> Quarter) |   | Changes<br>(%) |
|-----------------------|--|---|----------------|
|                       | Current Year<br>Quarter                        | Preceding Year<br>Corresponding Quarter |                |
|                       | 31/3/2023                                      | 31/3/2022                               |                |
|                       | RM'000   | RM'000                                  |                |
| Revenue               | 85,231   | 71,724                                  | 18.8           |
| Profit Before Tax     | 5,015  | 6,621                                   | (24.3)         |
| Profit After Taxation | 3,502  | 5,519                                   | (36.5)         |

The Group reported revenue of RM85.2 million in 1Q23, representing an 18.8% increase compared to 1Q22. Our reported PBT for the current quarter stood at RM5.0 million, representing a 24.3% decrease compared to 1Q22. The decrease in PBT is attributable to the recognition of LADs.

PAT for the current quarter stood at RM3.5 million, representing a 36.5% decrease compared to 1Q22. Included in the PAT is the recognition of LADs amounting to RM2.9 million. Excluding the LADs, the Group's core PAT stood at RM 6.4 million.

In 1Q23, the Group incurred operating costs of RM7.5 million, representing an 8.3% increase compared to 1Q22. The increase in 1Q23 operating cost was mainly due to higher sales and marketing expenses recognised, attributable to the higher sales achieved for the property development division.

**Construction segment**

|                       | Individual Period<br>(1 <sup>st</sup> Quarter) |   | Changes<br>(%) |
|-----------------------|--|---|----------------|
|                       | Current Year<br>Quarter                        | Preceding Year<br>Corresponding Quarter |                |
|                       | 31/3/2023                                      | 31/3/2022                               |                |
|                       | RM'000   | RM'000                                  |                |
| Revenue               | 84,353   | 63,209                                  | 33.5           |
| Profit Before Tax     | 6,290  | 3,587                                   | 75.4           |
| Profit After Taxation | 4,744  | 2,679                                   | 77.1           |

The construction division reported a revenue of RM84.4 million in 1Q23, compared to RM63.2 million in 1Q22, representing an increase of 33.5%. Revenue in the current quarter was mainly contributed by the LRT3, E'Island Lake Haven, and PPSAS construction jobs.

The construction division reported a PAT of RM4.7 million in 1Q23, increasing by 77.1% compared to the 1Q22 PAT of RM2.7 million. The higher PAT is driven by the higher work progress achieved coupled with greater operating leverage.

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

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

**Property Development segment**

|                       | Individual Period<br>(1 <sup>st</sup> Quarter) |   | Changes<br>(%) |
|-----------------------|--|---|----------------|
|                       | Current Year<br>Quarter                        | Preceding Year<br>Corresponding Quarter |                |
|                       | 31/3/2023                                      | 31/3/2022                               |                |
|                       | RM'000   | RM'000                                  |                |
| Revenue               | 29,008   | 25,101                                  | 15.6           |
| Profit Before Tax     | 2,842  | 2,858                                   | (0.6)          |
| Profit After Taxation | 2,842  | 2,858                                   | (0.6)          |

The property development division reported revenue of RM29.0 million in 1Q23, 15.6% higher compared to 1Q22 revenue of RM25.1 million. Revenue growth is attributable to the progress billings achieved and coupled with higher sales volume for the E'Island Lake Haven development.

PAT for the division stood at RM2.8 million, 0.6% lower compared to 1Q22. The lower PAT is due to the recognition of LADs amounting to RM2.9 million. Excluding the recognition of LADs, core PAT for the property development division stood at RM5.8 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>(%) |
|-------------------|--------------------|-----------------------------------|----------------|
|                   | 31/3/2023          | 31/12/2022                        |                |
|                   | RM'000             | RM'000                            |                |
| Revenue           | 85,231             | 105,295                           | (19.1)         |
| Profit Before Tax | 5,015              | 3,756                             | 33.5           |
| Profit After Tax  | 3,502              | 4,923                             | 28.9           |

Overall, the Group's revenue and profit after tax for the current quarter of RM85.2 million and RM3.5 million, representing a decrease of 19.1% and an increase of 28.9% respectively compared to the preceding quarter.

### **B3. Prospects**

GBG currently has RM1.5 billion in future gross revenue to be recognised up to FYE 2025, comprising RM0.9 billion from the construction division and RM0.6 billion from the property development division.

The Group's total borrowings stood at RM316.6 million, comprising RM0.2 million in long-term borrowings, RM282.7 million in short-term borrowings (49.8% are project financing related), and RM33.7 million in short-term Islamic Commercial Papers (ICPs). The RM18.8 million increase in borrowings compared to 1Q22 is mainly due to the outstanding ICP issuance of RM33.7 million that has been accorded a MARC-1 rating by the Malaysian Rating Corporation in FYE 2022. In 1Q23, project-related borrowings are at the peak of their S-curve and are expected to gradually decrease from 2Q23 up to 2Q24.

As at 1Q23, our total cash and cash equivalents stood at RM147.6 million, representing a 3.3% or RM5.0 million decrease compared to 1Q22. The decrease in cash is mainly due to our RM5.0 million ICP redemption that took place in Feb 2022. Our net gearing stood at 0.34 as at 1Q23, compared to 0.30 in 1Q22.

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

The Group's construction division is armed with a healthy outstanding orderbook of RM0.9 billion, that will sustain earnings and cashflow contribution up to FYE 2025.

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

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

In 1Q23, the Group achieved RM10.3 million in property sales that comprise 24 units of E'Island Lake Haven. Year-to-date as at 18 May 2023, the Group has achieved RM17.9 million in property sales, comprising 41 units of properties.

As at 31 March 2023, our total sold and unbilled sales stand at RM338.4 million, which will mostly be recognised in 1H24.

Going forward, to ensure earnings and cashflow visibility for the property development division, we are targeting to preview and launch our 100-acre Gambang Residensi landed township in Gambang, Kuantan in 2024. The township would offer over 1,065 units of homes with an expected GDV of over RM336 million.

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

(b) Property Development Division (Cont'd)

**Property Sales Summary up to 18 May 2023**

|   | No of Units           |              |                                 |  | Take Up            | Cumulative Sales since 2Q19 |
|---|-----------------------|--------------|---------------------------------|--|--------------------|-----------------------------|
|   | Unsold as at (Jan 23) | Sold in 1Q23 | Sold (April '22 to 18 May 2023) | Sold (Year to date up to 18 May 2023.) |                    |                             |
| <b><u>Developments Under Construction</u></b> |                       |              |                                 |  |                    |                             |
| E'Island Lake Haven                           | 155 of 1,140          | 24           | 17                              | 41                                     | 1,026 units or 90% | RM441.3m                    |
| The Peak                                      | 398 of 668            | -            | -                               | -                                      | 267 units or 40%   | RM103.0m                    |
| <b><u>Completed Developments</u></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>560</b>            | <b>24</b>    | <b>16</b>                       | <b>41</b>                              |                    | <b>RM592.0m</b>             |
|   |                       |              |                                 |  |                    |                             |
|   |                       |              |                                 |  |                    | <b>Bookings</b>             |
|   |                       |              |                                 |  |                    | RM15.8m                     |

Since the relaunch of our property development division in 2Q19, we have achieved RM592.0 million in property sales as shown in the table above. Additionally, we have RM15.8 million in property bookings pending loan conversions.

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



**B4. Profit Forecast and Profit Estimate**

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

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

|   | Current Quarter<br>3 months ended |           | Cumulative Quarter<br>3 months ended |           |
|---|-----------------------------------|-----------|--------------------------------------|-----------|
|   | 31 Mar 23                         | 31 Mar 22 | 31 Mar 23                            | 31 Mar 22 |
|   | RM'000                            | RM'000    | RM'000                               | RM'000    |
| Interest income                                   | 660                               | 327       | 660                                  | 327       |
| Reversal of impairment losses of receivables      | 60                                | 28        | 60                                   | 28        |
| Other income                                      | 126                               | 1,302     | 126                                  | 1,302     |
| Interest expense (excluding interest capitalised) | (2,713)                           | (1,736)   | (2,713)                              | (1,736)   |
| Depreciation and amortisation                     | (1,863)                           | (1,786)   | (1,863)                              | (1,786)   |
| Impairment losses of receivables                  | (348)                             | (988)     | (348)                                | (988)     |
| 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>3 months ended |              |
|-------------------|-----------------------------------|--------------|--------------------------------------|--------------|
|                   | 31 Mar 23                         | 31 Mar 22    | 31 Mar 23                            | 31 Mar 22    |
|                   | RM'000                            | RM'000       | RM'000                               | RM'000       |
| Current taxation  |                                   |              |                                      |              |
| - Current year    | 1,546                             | 1,175        | 1,546                                | 1,175        |
| - Previous year   | -                                 | -            | -                                    | -            |
|                   | <u>1,546</u>                      | <u>1,175</u> | <u>1,546</u>                         | <u>1,175</u> |
| Deferred taxation |                                   |              |                                      |              |
| - Current year    | (33)                              | (73)         | (33)                                 | (73)         |
| - Prior years     | -                                 | -            | -                                    | -            |
|                   | <u>(33)</u>                       | <u>(73)</u>  | <u>(33)</u>                          | <u>(73)</u>  |
|                   | <u>1,513</u>                      | <u>1,102</u> | <u>1,513</u>                         | <u>1,102</u> |

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 18 May 2023, 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 18 May 2023 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>         |   |  |

### b) Proposed establishment of an Islamic commercial paper (“ICP”)/ Islamic medium term note (“IMTN”) Programme

On 11 August 2022, the Company made a lodgment with the Securities Commission Malaysia (“SC”) the required information and relevant documents pursuant to the SC’s Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework, in relation to the establishment of an ICP / IMTN Programme of RM200.0 million in nominal value for the issuance(s) of ICPs under the Shariah principle of *Mudharabah* and/or IMTN under the Shariah principle of *Wakalah bi al-Istithmar* (the ICPs and IMTNs are collectively referred to as the “Sukuk GBG”).

Kenanga Investment Bank Berhad is the appointed Principal Adviser, Lead Arranger, Lead Manager, Shariah Adviser and Facility Agent in respect of the ICP/IMTN Programme.

MARC Ratings Berhad has assigned a preliminary rating of **A<sub>is</sub>/MARC-1<sub>is</sub>** for the ICP/IMTN Programme, with a stable outlook.

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

- (i) to utilise RM100,000 to fund the trustee’s reimbursement account, as required under the SC’s Trust Deed Guidelines;
- (ii) to finance the investment activities, capital expenditure, working capital requirements and/or other general corporate purposes of Board of Directors of the Group (“Issuer”) and the Group as well as, to defray any fees and expenses relating to the ICP/IMTN Programme;
- (iii) to repay any existing conventional borrowings undertaken by the Group; and/ or
- (iv) to repay any existing and/or future Islamic financings undertaken by Group (including for purposes of redemption or refinancing/ rollover of the Sukuk GBG)

In any case, all utilisation of funds from the issuance of the ICPs/ IMTNs under the ICP/IMTN Programme shall be for Shariah-compliant purposes only, including the manner in which the funds are to be channelled within the Group by the Issuer.

**B8. Group Borrowings and Debt Securities**

|                      | As at 31 March 2023 |                      |                               |
|----------------------|---------------------|----------------------|-------------------------------|
|                      | Long term<br>RM'000 | Short term<br>RM'000 | Total<br>borrowings<br>RM'000 |
| <b>Secured</b>       |                     |                      |                               |
| - Term loan          | 244                 | 46,896               | 47,140                        |
| - Revolving credit   | -                   | 21,600               | 21,600                        |
| - Bank overdrafts    | -                   | 214,148              | 214,148                       |
| <b>Unsecured</b>     |                     |                      |                               |
| - ICP/IMTN Programme | -                   | 33,662               | 33,662                        |
|                      | <u>244</u>          | <u>316,306</u>       | <u>316,550</u>                |

  

|                    | As at 31 March 2022 |                      |                               |
|--------------------|---------------------|----------------------|-------------------------------|
|                    | Long term<br>RM'000 | Short term<br>RM'000 | Total<br>borrowings<br>RM'000 |
| <b>Secured</b>     |                     |                      |                               |
| - Term loan        | 479                 | 105,459              | 105,938                       |
| - Revolving credit | -                   | 2,000                | 2,000                         |
| - Bank overdrafts  | -                   | 189,878              | 189,878                       |
|                    | <u>479</u>          | <u>297,337</u>       | <u>297,816</u>                |

**B9. Dividend**

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

**B10. Material litigation**

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

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

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

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

GAB and TVSB have filed an application for further and better particulars of Bernard’s Defence (“Application”), which was dismissed by the High Court on 25 August 2021. GAB and TVSB appealed to the Court of Appeal against the aforesaid decision on 23 September 2021. The case management for the appeal is fixed for hearing on 12 December 2022 and the next case management is fixed on 22 December 2022 for parties to update the court on the status of the further and better particular appeal.

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

- (a) Meanwhile, the trial of the Suit is fixed on 17, 18, 24-27 July 2023. The court gave directions for the filing of documents between the period of November 2022 to the trial dates. The Suit is fixed for case management on 4 October 2022 for parties to update the court on the status of the further and better particular appeal.
- (b) On 1 October 2020, Gabungan Strategik Sdn Bhd (“GSSB”), the subsidiary of the company, filed a Writ of Summons against: -
- (i) Geonamics (M) Sdn Bhd (“1st Defendant”)
  - (ii) Jurutera Perunding Primareka Sdn Bhd (“2nd Defendant”)
  - (iii) Yee Yong Yip (“3rd Defendant”)
  - (iv) Tiong Ping Siing (“4th Defendant”)
  - (v) Tang Pui San (“5th Defendant”)
  - (vi) Mohd Noor Nazrul Bin Mohd Yusof (“6th Defendant”)
  - (vii) Azmi Bin Md Aziz (“7th Defendant”)
  - (viii) Wong Kee Choo (“8th Defendant”)
  - (ix) Choon Suan Fatt (“9th Defendant”)
  - (x) Ahmad Bashti Bin Azmi (“10th Defendant”)
  - (xi) Foo Mun Pong (“11th Defendant”)

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

In March 2021, the following defendants applied to strike out GSSB’s Suit against them: -

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

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

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

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

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

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

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

- (b) GSSB appealed to the Court of Appeal against the aforesaid decisions. Furthermore, each employee defendant appealed to the Court of Appeal against the High Court decision to not allow their striking out applications in full. As a result, there are presently 8 separate appeals pending before the Court of Appeal arising from the High Court 18 October 2021 decision. On 12 January 2022, the Court of Appeal directed that GSSB's appeals and the employee defendants' appeals, arising from the High Court 18 October 2021 decision to be heard together. The appeals are slated to be heard by the Court of Appeal on 21 February 2023, however the hearing for the 8 appeals has since been vacated. The Court of Appeal will fix a new hearing date during a case management on 21 February 2023.
- (c) Meanwhile, GSSB's General Discovery Application that was initially fixed for hearing at the High Court on 20 January 2022 had been vacated, pending the disposal of the aforesaid appeals to the Court of Appeal. The next case management at the Kuala Lumpur High Court is fixed on 23 February 2023.

The new hearing date is now fixed on 27 June 2023. The High Court has directed the parties to file in the Reply Submission (if any) by 12 June 2023 and the next case management is fixed on 13 June 2023 to monitor such compliance.

**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>3 months ended |                     |
|--|-----------------------------------|---------------------|--------------------------------------|---------------------|
|  | 31 Mar 23<br>RM'000               | 31 Mar 22<br>RM'000 | 31 Mar 23<br>RM'000                  | 31 Mar 22<br>RM'000 |
| Profit attributable to equity holders<br>of the Company (RM'000) | 3,526                             | 5,437               | 3,527                                | 5,437               |
| Weighted average number of ordinary<br>shares ('000)             | 542,771                           | 542,771             | 542,771                              | 542,771             |
| <b>Basic earnings per share (sen)</b>                            | <b>0.65</b>                       | <b>1.00</b>         | <b>0.65</b>                          | <b>1.00</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<br>3 months ended |                     | Cumulative Quarter<br>3 months ended |                     |
|---|-----------------------------------|---------------------|--------------------------------------|---------------------|
|   | 31 Mar 23<br>RM'000               | 31 Mar 22<br>RM'000 | 31 Mar 23<br>RM'000                  | 31 Mar 22<br>RM'000 |
| Profit attributable to equity holders of the Company (RM'000)               | 3,526                             | 5,437               | 3,527                                | 5,437               |
| No of ordinary shares for basic earnings per share computation              | 542,771                           | 542,771             | 542,771                              | 542,771             |
| Effect of dilution<br>- on assumption that remaining warrants are exercised | 119,395                           | 119,395             | 119,395                              | 119,395             |
| Weighted average number of ordinary shares ('000)                           | 662,166                           | 662,166             | 662,166                              | 662,166             |
| <b>Diluted earnings per share (sen)</b>                                     | <b>0.53</b>                       | <b>0.82</b>         | <b>0.53</b>                          | <b>0.82</b>         |

**B12. Authorisation for Issue**

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