

18 August 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 June 2016 RM'000	PRECEEDING YEAR QUARTER 30 June 2015 RM'000	CURRENT YEAR TO DATE 30 June 2016 RM'000	PRECEEDING YEAR TO DATE 30 June 2015 RM'000
Revenue	95,335	85,877	174,983	191,271
Cost of sales	(67,193)	(65,898)	(130,227)	(149,312)
Gross profit	28,142	19,979	44,756	41,959
Other income	1,288	1,151	2,352	1,698
Operating costs	(8,441)	(11,046)	(17,588)	(23,053)
Finance cost	(4,235)	(2,529)	(7,552)	(5,244)
Share of loss of a joint venture	-	(4)	(2)	(5)
Share of (loss)/profit of an associate	(21)	111	(73)	169
Profit before tax	16,733	7,662	21,893	15,524
Tax expense	(2,928)	(2,820)	(4,748)	(5,595)
Profit for the financial period	13,805	4,842	17,145	9,929
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial period	13,805	4,842	17,145	9,929
Attributable to:				
Owners of the parent	6,273	5,435	10,024	11,542
Non-controlling interests	7,532	(593)	7,121	(1,613)
	13,805	4,842	17,145	9,929
Earnings per ordinary share attributable to equity holders of the Company (sen) :				
- Basic	1.61	1.40	2.57	2.98
- Diluted	1.61	1.40	2.57	2.98

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	(UNAUDITED) AS AT 30 June 2016 RM'000	(AUDITED) AS AT 31 Dec 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	49,475	55,061
Land held for property development	60,246	90,276
Investment properties	40,780	38,755
Investment in a joint venture	242	244
Investment in an associate	3,618	3,691
Deferred tax assets	5,000	4,528
	159,361	192,555
Current assets		
Property development costs	230,264	228,813
Inventories	28,117	33,609
Trade and other receivables	455,836	469,433
Current tax assets	5,330	920
Short term funds	830	818
Cash and bank balances	35,395	42,385
	755,772	775,978
TOTAL ASSETS	915,133	968,533
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	97,730	97,730
Share premium	85,545	85,545
Treasury shares	(466)	(419)
Retained earnings	148,358	138,334
	331,167	321,190
Non-controlling interests	8,363	1,242
TOTAL EQUITY	339,530	322,432
Non-current liabilities		
Borrowings	104,141	82,174
Deferred tax liabilities	1,853	2,247
	105,994	84,421
Current liabilities		
Trade and other payables	263,319	340,257
Borrowings	194,158	211,714
Current tax liabilities	12,132	9,709
	469,609	561,680
TOTAL LIABILITIES	575,603	646,101
TOTAL EQUITY AND LIABILITIES	915,133	968,533
Net assets per share attributable to owners of the parent (RM)	0.85	0.82

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying notes.

GABUNGAN AQRS BERHAD
(Company No. 912527-A)
(Incorporated in Malaysia)

18 August 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016

	-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----						Total equity RM'000
	I-----Non-distributable-----I Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling-interests RM'000	
Balance as at 1 January 2016	97,730	85,545	(419)	138,334	321,190	1,242	322,432
Profit for the financial period / Total comprehensive income for the period	-	-	-	10,024	10,024	7,121	17,145
Shares repurchased	-	-	(47)	-	(47)	-	(47)
Balance as at 30 June 2016	<u>97,730</u>	<u>85,545</u>	<u>(466)</u>	<u>148,358</u>	<u>331,167</u>	<u>8,363</u>	<u>339,530</u>

	-----ATTRIBUTABLE TO OWNERS OF THE PARENT-----						Total equity RM'000
	I-----Non-distributable-----I Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	Total RM'000	Non-controlling-interests RM'000	
Balance as at 1 January 2015	97,730	85,545	(3,008)	152,835	333,102	7,752	340,854
Profit for the financial period / Total comprehensive income for the period	-	-	-	11,542	11,542	(1,613)	9,929
Acquisition of subsidiary	-	-	-	(4)	(4)	4	-
Dividend paid	-	-	4,837	(4,837)	-	-	-
Shares repurchased	-	-	(1,965)	-	(1,965)	-	(1,965)
Balance as at 30 June 2015	<u>97,730</u>	<u>85,545</u>	<u>(136)</u>	<u>159,536</u>	<u>342,675</u>	<u>6,143</u>	<u>348,818</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2016

	Current Period Ended 30 June 2016 RM'000	Preceding Period Ended 30 June 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	21,893	15,524
Adjustments for :		
Depreciation of property, plant and equipment	6,139	5,417
Interest expense	7,552	5,244
Interest income	(540)	(505)
Property, plant and equipment written off	1	3
Gain on disposal of property, plant and equipment	(168)	(172)
Share of loss of a joint venture	2	5
Share of loss/(profit) of an associate	73	(169)
Operating profit before changes in working capital	34,952	25,347
Changes in working capital:		
Land held for property development	30,030	-
Inventories	5,492	(606)
Property development costs	(1,451)	(11,537)
Trade and other receivables	13,597	(84,208)
Trade and other payables	(76,938)	19,246
Cash generated from/(used in) operating activities	5,682	(51,758)
Interest paid	(7,148)	(4,641)
Interest received	540	505
Tax paid	(7,601)	(9,568)
Tax refunded	-	373
Net cash used in operating activities	(8,527)	(65,089)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(648)	(3,999)
Purchase of land held for property development	-	(8,063)
Purchase of investment property	(2,025)	-
Proceeds from disposals of property, plant and equipment	262	160
Net cash used in investing activities	(2,411)	(11,902)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(404)	(603)
Withdrawals of fixed deposits pledged	4,948	4,744
Repurchase of shares	(47)	(1,965)
Repayments to hire purchase creditors	(4,816)	(706)
Drawdowns of term loans	44,180	90,790
Repayments of term loans	(7,966)	(3,035)
Repayments of revolving credits	(12,300)	-
Net cash generated from financing activities	23,595	89,225
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,657	12,234
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(64,810)	(85,660)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(52,153)	(73,426)

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

	As at 30 June 2016 RM'000	As at 30 June 2015 RM'000
Cash and bank balances	4,636	7,745
Fixed deposits with licensed banks	30,759	30,549
Short term funds	830	799
	36,225	39,093
Less : Bank overdrafts included in borrowings	(57,619)	(81,970)
Fixed deposits pledged	(30,759)	(30,549)
Total cash and cash equivalents	(52,153)	(73,426)

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying notes.

A Explanatory Notes in compliance with Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 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 2015. 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 2015.

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 2015, except for the following new Financial Reporting Standards (FRSs), Amendments to FRSs and IC Interpretations which are applicable for the Group's financial period beginning 1 January 2016.

a) Standards Amendments and Annual Improvement to standards effective for the financial periods beginning on or after 1 January 2016

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendment to FRSs	Annual Improvements to FRSs 2012-2014 Cycle
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 127	Equity Method in Separate Financial Statements

b) FRS, IC Interpretations and Amendments to IC Interpretation but not yet effective

Effective for financial periods beginning on or after 1 January 2018

FRS 9	Financial Instruments
FRS 15	Revenue from Contracts with Customers

A2. Changes in Accounting Policies (Cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework that is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture (MFRS 141)* and IC Interpretation 15 *Agreements for Construction of Real Estate (IC 15)*, including its parent, significant investor and venturer (herein called "Transitioning Entities").

On 8 September 2015, MASB allowed Transitioning Entities to defer adoption of the MFRS framework to annual periods beginning on or after 1 January 2018. The Group falls within the scope of Transitioning Entities and has opted to defer the adoption of MFRS framework for the financial periods as allowed.

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.

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.

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, shares held as treasury shares and resale of treasury shares for the current quarter other than the following:-

During the current quarter, the Company repurchased 50,000 of its own ordinary shares of RM0.25 each from the open market for a total consideration of RM47,000 at an average price of RM0.94 per ordinary share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

A8. Dividend Paid

No dividend has been paid during the current quarter.

GABUNGAN AQRS BERHAD
(Company No: 912527 - A)
(Incorporated in Malaysia)
Quarterly Unaudited Results of the Group for the 2nd Quarter ended 30 June 2016

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.

6 months ended 30 June 2016	Construction RM'000	Property Development RM'000	Other RM'000	Total RM'000
Segment Revenue				
Total revenue	101,105	85,282	5,413	191,800
Inter segment revenue	(14,242)	-	(2,575)	(16,817)
Revenue from external customers	86,863	85,282	2,838	174,983
Interest income	407	121	12	540
Finance cost	(2,211)	(3,107)	(2,234)	(7,552)
Net finance expense	(1,804)	(2,986)	(2,222)	(7,012)
Segment (loss)/profit before taxation	(2,215)	24,506	1,271	23,562
Share of loss of an associate, net of tax	(73)	-	-	(73)
Share of loss of a joint venture, net of tax	-	-	(2)	(2)
Taxation	1,645	(5,962)	(431)	(4,748)
Other material non-cash item:				
- Depreciation	(5,656)	(279)	(204)	(6,139)
Additions to non-current assets other than financial instruments and deferred tax assets	394	254	2,025	2,673
Segment assets	596,854	625,468	332,970	1,555,292
Segment liabilities	420,387	589,365	117,149	1,126,901

GABUNGAN AQRS BERHAD
(Company No: 912527 - A)
(Incorporated in Malaysia)
Quarterly Unaudited Results of the Group for the 2nd Quarter ended 30 June 2016

A9. Segmental Information (Cont'd)

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

6 months ended 30 June 2015	Construction RM'000	Property Development RM'000	Other RM'000	Total RM'000
Segment Revenue				
Total revenue	184,321	56,464	2,205	242,990
Inter segment revenue	(49,514)	-	(2,205)	(51,719)
Revenue from external customers	134,807	56,464	-	191,271
Interest income	399	59	47	505
Finance cost	(2,172)	(3,072)	-	(5,244)
Net finance expense	(1,773)	(3,013)	47	(4,739)
Segment profit/(loss) before taxation	3,356	16,012	(1,718)	17,650
Share of profit of an associate, net of tax	169	-	-	169
Share of loss of a joint venture, net of tax	-	-	(5)	(5)
Taxation	(1,071)	(4,821)	297	(5,595)
Other material non-cash item:				
- Depreciation	(4,939)	(278)	(200)	(5,417)
Additions to non-current assets other than financial instruments and deferred tax assets	5,683	8,152	118	13,953
Segment assets	637,471	587,185	243,211	1,467,867
Segment liabilities	454,745	538,549	41,836	1,035,130

GABUNGAN AQRS BERHAD
(Company No: 912527 - A)
(Incorporated in Malaysia)
Quarterly Unaudited Results of the Group for the 2nd Quarter ended 30 June 2016

A9. Segmental Information (Cont'd)

Reconciliations of reportable segment revenues and profit or loss to the corresponding amounts of the Group are as follows:

	As at 30 June 16 RM'000	As at 30 June 15 RM'000
Revenue		
Total revenue for reportable segments	191,800	242,990
Elimination of inter-segmental revenues	(16,817)	(51,719)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	<u>174,983</u>	<u>191,271</u>
Profit for the financial period		
Total loss or profit for reportable segments	23,562	17,650
Share of (loss)/profit of an associate, net of tax	(73)	169
Share of loss of a joint venture, net of tax	(2)	(5)
Elimination of consolidation adjustments	(1,594)	(2,290)
Profit before tax	21,893	15,524
Tax expense	(4,748)	(5,595)
Profit for the financial period of the Group per consolidated statement of profit or loss and other comprehensive income	<u>17,145</u>	<u>9,929</u>
	As at 30 June 16 RM'000	As at 30 June 15 RM'000
Assets		
Total assets for reportable segments	1,555,292	1,467,867
Elimination of investment in subsidiaries and consolidation adjustments	(91,042)	(77,359)
Elimination on inter-segment balances	(549,117)	(435,442)
Total assets of the Group per consolidated statement of financial position	<u>915,133</u>	<u>955,066</u>
Liabilities		
Total liabilities for reportable segments	1,126,901	1,035,130
Elimination of consolidation adjustments	1,794	1,794
Elimination on inter-segment balances	(553,092)	(430,676)
Total liabilities of the Group per consolidated statement of financial position	<u>575,603</u>	<u>606,248</u>

GABUNGAN AQRS BERHAD
 (Company No: 912527 - A)
 (Incorporated in Malaysia)
 Quarterly Unaudited Results of the Group for the 2nd Quarter ended 30 June 2016

A10. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment performed in the current quarter.

A11. Acquisition/Disposal of Property, Plant and Equipment

There was no material acquisition or disposal of property, plant and equipment during the current quarter.

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 30 June 16 RM'000	As at 31 Dec 15 RM'000
Contracted but not provided for:		
- Freehold land held under development	<u>61,750</u>	<u>65,300</u>

A15. Contingent Liabilities

Details of contingent liabilities of the Group are as follows:

	As at 30 June 16 RM'000	As at 31 Dec 15 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	<u>108,444</u>	<u>133,241</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

For the current quarter under review, the Group recorded revenue of RM95.34 million and profit after tax and non-controlling interests of RM6.27 million as compared to RM85.88 million and RM5.44 million respectively in preceding year corresponding quarter ended 30 June 2015.

Construction segment:

This segment reported a lower revenue of RM42.28 million in 2Q2016 compared to RM88.27 million in the same preceding year corresponding quarter last year (before eliminating inter-segment sales). It recorded a pre-tax loss of RM0.13 million compared to pre-tax profit of RM0.79 million the previous year corresponding period.

The revenue was lower due to existing projects which were actively operating in the preceding year corresponding quarter as compared to the current quarter. In current quarter, the construction work on a few of the projects had decreased as they approach completion stage. The lower revenue correspondingly resulted in lower overall performance for the construction division.

Property development segment:

This segment reported a higher revenue of RM55.30 million in 2Q2016 compared to RM29.05 million in the same preceding year corresponding quarter. It recorded a pre-tax profit of RM17.53 million compared to RM9.72 million for the previous year corresponding period.

The revenue in current quarter is higher than the same quarter last year mainly due to sale of a piece of land held for development. Besides this, the on-going projects, The Peak Serviced Apartments and Permas Centro Shop Offices continue to contribute to the revenue from the current quarter sales and increase in work progress.

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

For the current quarter under review, the Group recorded revenue and profit after taxation and non-controlling interests of RM95.34 million and RM6.27 million as compared to RM79.65 million and RM3.75 million respectively reported in the immediate preceding quarter.

The Group profit before tax (%~~BT~~) of RM16.73 million in the current quarter is higher as compared to the preceding quarter of RM5.16 million, mainly due to the sale of a piece of land held for development.

GABUNGAN AQRS BERHAD

(Company No: 912527 - A)

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the 2nd Quarter ended 30 June 2016

B3. Prospects

The Group's property development projects currently have unbilled sales of sold units amounting to approximately RM142.50 million and unbilled sales in relation to unsold units amounting to approximately RM598.34 million.

On 21 June 2016, the Group, via its wholly-owned subsidiary, Gabungan Strategik Sdn Bhd (GSSB) received the non-binding Letter of Intent from PR1MA Corporation Malaysia for the proposed purchase from GSSB and AQRS The Building Company Sdn Bhd (AQRS), another wholly-owned subsidiary of the Company, of 1,140 Units of PR1MA Homes in Sepang, Selangor. The estimated contract sum of the Project is RM314 million.

On 5 May 2016, the Group, via its wholly-owned subsidiary, Gabungan Strategik Sdn Bhd (GSSB) entered into a Joint Venture Agreement with Monolight IBS Building System Sdn Bhd (Monolight) for the construction, development and completion of the development of PR1MA Homes together with all the necessary amenities, utilities, facilities and infrastructures in Kuala Kuantan, Pahang. The contract sum to the JV for the construction and completion of the Project is RM424.2 million. This project is expected to contribute positively to both revenue and profits for the Construction division, with the expected commencement of work to be in September 2016.

On 16 March 2015, the Group entered into a Joint Venture Agreement with Suria Capital Holdings Berhad (Suria Capital) for a mixed development in Kota Kinabalu, Sabah known as One Jesselton Waterfront. This land is part of the new Kota Kinabalu waterfront and is now one of the most prime land in Kota Kinabalu. In February 2016, the Group completed the traffic study which further enhances the development and received approval from the relevant authorities in mid April 2016. Based on this approval, Suria Capital has submitted an application for the land Title. The Title is expected to be issued soon and development activities will commence for this project. With this latest approval by the relevant authorities, the Group anticipates the Net Sales Value (NSV) for this project will be between RM1.7 billion to RM1.8 billion. This project is expected to contribute positively to both revenue and profits to both its Construction and Property Development division in first quarter of year 2017.

The Group's project on the Provision of Accommodation on Base-Camp Concept complete with necessary facilities for Petronas Chemicals Fertiliser Sabah Sdn Bhd (PCFSB) in Sipitang, Sabah was completed and handed over in March 2016. This project is now providing a recurring monthly income stream to the Group for 5 years with a renewal option for another 5 years by PCFSB, commencing second quarter of year 2016.

The Group will soon be receiving the Letter of Award from the State Government of Pahang for the Proposed Development of Pusat Pentadbiran Sultan Ahmad Shah (PPSAS) in Kuantan. The Group is expected to undertake a significant portion of the construction works for PPSAS once the project has been awarded by the State Government of Pahang.

The Group has in the past 6 months participated vigorously in approximately RM3 billion worth of tender exercises. It has thus far successfully been pre-qualified and shortlisted to participate in the tender for the Bandar Utama. Klang Light Rail Transit (LRT) Line 3. The Group anticipates that tender for LRT Line 3 will be called in the fourth quarter of year 2016.

Since, securing its first PR1MA homes project in Gampang, to be followed by another PR1MA homes project in Sepang, the Group continues to vie for more opportunities to develop affordable housing in other states with potential multi-billion Ringgit gross development value (GDV).

The Group remains confident that with its enhanced construction order book and pipeline property development projects, it will be able to deliver satisfactory performance in the financial year 2016.

GABUNGAN AQRS BERHAD
(Company No: 912527 - A)
(Incorporated in Malaysia)
Quarterly Unaudited Results of the Group for the 2nd Quarter ended 30 June 2016

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 6 months ended	
	30 June 16 RM'000	30 June 15 RM'000	30 June 16 RM'000	30 June 15 RM'000
Interest income	432	386	540	505
Other income	688	716	1,644	1,001
Interest expense (excluding interest capitalised)	(4,235)	(2,529)	(7,552)	(5,244)
Depreciation and amortisation	(3,066)	(2,614)	(6,139)	(5,417)
Provision for and write off of receivables	*	*	*	*
Provision for and write off of inventories	*	*	*	*
Property, plant and equipment written off	-	(3)	(1)	(3)
Gain on disposal of property, plant and equipment	167	32	168	172
Gain on disposal of investment property	*	*	*	*
Goodwill written off	*	*	*	*
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 6 months ended	
	30 June 16 RM'000	30 June 15 RM'000	30 June 16 RM'000	30 June 15 RM'000
Current taxation				
- Current year	3,901	3,413	6,564	6,979
- Previous year	(1,237)	(335)	(1,237)	(335)
	<u>2,664</u>	<u>3,078</u>	<u>5,327</u>	<u>6,644</u>
Deferred taxation				
- Current year	114	140	(460)	(696)
- Prior years	150	(398)	(119)	(353)
	<u>264</u>	<u>(258)</u>	<u>(579)</u>	<u>(1,049)</u>
	<u>2,928</u>	<u>2,820</u>	<u>4,748</u>	<u>5,595</u>

The Group effective tax rate for the current quarter and cumulative quarter of 17.50% and 21.69% is lower than the statutory tax rate mainly due to overprovision in previous year and utilisation of losses brought forward not recognised in previous year.

GABUNGAN AQRS BERHAD
 (Company No: 912527 - A)
 (Incorporated in Malaysia)
 Quarterly Unaudited Results of the Group for the 2nd Quarter ended 30 June 2016

B7. Status of Corporate Proposals Announced

There were no corporate proposals previously announced but not completed as at 11 August 2016, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report.

B8. Group Borrowings and Debt Securities

	As at 30 June 16 RM'000	As at 31 Dec 15 RM'000
The Group's borrowings and debt securities are as follows:		
Long term borrowings		
Secured:		
Term loans	101,867	76,627
Hire purchase creditors	2,274	5,547
	<u>104,141</u>	<u>82,174</u>
Short term borrowings		
Secured:		
Term loans	123,464	110,690
Revolving credit	5,000	19,100
Hire purchase creditors	8,075	9,617
Bank overdrafts	57,619	72,307
	<u>194,158</u>	<u>211,714</u>

B9. Material Litigation

Saved as disclosed below, there is no other material litigation pending as at 11 August 2016, being a date not earlier than 7 days from the date of this report:-

- a) On 4 Feb 2016, Pembinaan Megah Ikhlas Sdn Bhd (PMI) and Gabungan Strategik Sdn Bhd (GSSB), both subsidiaries of the Company, were served with a Writ of Summons and Statement of Claim by Profound Projects Sdn Bhd (Profound). Profound is claiming for a total cost of RM3.3 million for balance sum due for work done.

PMI denied the contention by Profound whereby Profound had executed and completed its work as per the Sub-Contract Agreement dated 21 January 2006. PMI had carried out the remaining construction work on behalf of Profound and had incurred a cost of RM3.4 million. In relation to this, PMI had issued Debit Notes and back-charged Profound in respect of the costs incurred. Consequently, PMI decided to pursue to claim back these costs incurred on behalf of Profound.

In accordance to the Letter of Guarantee dated 21 January 2006 signed, Profound shall indemnify PMI against all losses, damages, costs and expenses incurred by PMI in respect of default in the due performance of works. Besides, PMI reserves any rights to recover any amount by deduction from any money from Profound.

PMI and GSSB had submitted the application to strike out the Profound's claim on 20 April 2016. Based on the Case Management on 21 April 2016, the writ of summons dated 4 February 2016 has been cancelled by court due to non-disclosure of any reasonable cause of action. On 23 May 2016, Profound has filed a notice of withdrawal for the claim on GSSB. The next Case Management is fixed on 19 August 2016.

GABUNGAN AQRS BERHAD

(Company No: 912527 - A)

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the 2nd Quarter ended 30 June 2016

B9. Material Litigation (cont'd)

- b) On 18 November 2015, AQRS The Building Company Sdn. Bhd. (AQRS), a subsidiary of the Company, filed a lawsuit against Goodnite Sdn. Bhd. (Goodnite) and demanded a sum of RM6.8 million, which comprised land costs paid and development costs amounted to RM5.6 million and RM1.2 million respectively.

AQRS had entered into a Sale and Purchase Agreement (SPA) with Goodnite for the acquisition of leasehold land located at Sungai Lalang. The SPA entered into between Goodnite and AQRS was subject to the conditions precedent as the existing SPA entered into by Goodnite with another party (Merit Trading Sdn. Bhd. (Merit)) dated 14 August 2014 be duly terminated and the withdrawal of the existing private caveat dated 18 August 2014.

The above conditions precedent had been fulfilled by Goodnite on 19 November 2014. However, subsequently on 30 April 2015, Merit had lodged a new caveat and demanded a compensation of RM4.5 million from Goodnite. AQRS had on 3 September 2015 decided to terminate this acquisition after Goodnite had failed to remove the new caveat lodged by Merit despite reminders being sent to them.

Goodnite has counterclaimed against AQRS for General Damages in excess of RM5.0 million. The Court has fixed the Suit for Case Management on 11 November 2016.

- c) On 28 April 2016, Gabungan Strategik Sdn Bhd (GSSB), a subsidiary of the Company, filed a lawsuit against Sanubari Cekal Sdn. Bhd. (Sanubari) and demanded a sum of RM16.5 million, which to cover on the testing, design fees, rectification works, loss of profit and damages incurred and/or suffered by GSSB.

GSSB has awarded Sanubari as a sub-contractor for the construction and completion of bored piling work for the project of Tropicana Metropark on 1 April 2014. The lawsuit was filed against Sanubari for the failure and negligence in performing its duty to complete work awarded.

During the construction period, part of the bored pile constructed by Sanubari collapsed due to the length of the bored pile was under casted during the excavation work for the pile cap. Based on the rectification work on site, Sanubari has failed the pile driving analyzer (PDA) method test. As a rectification for the defect work performed by Sanubari, GSSB had appointed third party contractors for the rectification works.

The suit was filed for case management on 28 April 2016. The Court has not fixed the date on this matter for further Case Management.

The defendant's lawyer has proposed for an out of court settlement. As the company has just received the proposal, it is still under deliberation.

B10. Dividend

No dividend has been proposed by the Board of Directors for the current quarter ended 30 June 2016.

GABUNGAN AQRS BERHAD
(Company No: 912527 - A)
(Incorporated in Malaysia)
Quarterly Unaudited Results of the Group for the 2nd Quarter ended 30 June 2016

B11. Earnings Per Share

(a) Basic

The basic earnings per share is 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 6 months ended	
	30 June 16 RM'000	30 June 15 RM'000	30 June 16 RM'000	30 June 15 RM'000
Profit attributable to equity holders of the Company (RM'000)	6,273	5,435	10,024	11,542
Number of shares at the beginning of the year ('000)	390,484	388,445	390,484	388,445
Effect of Share Buy Back	(29)	(1,188)	(29)	(1,188)
Weighted average number of ordinary shares in issue (€000)	390,455	387,257	390,455	387,257
Basic earnings per share (sen)	1.61	1.40	2.57	2.98

(b) Diluted

Diluted earnings per ordinary share are the same as basic earnings per ordinary share as there were no dilutive potential ordinary shares.

The Company has warrants in issue for quarter under review. However, the diluted earnings per ordinary share for the Group would be the same as basic earnings per share as there were no conversion from the exercise of the warrants as the exercise price of the warrants exceeded the average market price of the ordinary shares during the period (i.e. they were out of the money).

GABUNGAN AQRS BERHAD

(Company No: 912527 - A)

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the 2nd Quarter ended 30 June 2016

B12. Realised and Unrealised Retained Profits

	As at 30 June 16 RM'000	As at 31 Dec 15 RM'000
Total retained profits of the Company and its subsidiaries :		
- Realised	232,104	214,157
- Unrealised	95	(453)
	<u>232,199</u>	<u>213,704</u>
Total share of retained earnings from an associate:		
- Realised	296	370
Total share of accumulated losses from a joint venture:		
- Realised	(12)	(11)
	<u>232,483</u>	<u>214,063</u>
Less : Consolidation adjustments	(84,125)	(75,729)
Total retained earnings	<u><u>148,358</u></u>	<u><u>138,334</u></u>

B13. Authorisation for Issue

This interim financial report was authorised for issuance by the Board of Directors of the Company on 18 August 2016.