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

23 February 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 Dec 2016 RM'000	PRECEEDING YEAR QUARTER 31 Dec 2015 RM'000	CURRENT YEAR TO DATE 31 Dec 2016 RM'000	PRECEEDING YEAR TO DATE 31 Dec 2015 RM'000
Revenue	86,066	46,893	330,058	272,511
Cost of sales	(58,554)	(32,978)	(242,451)	(224,099)
Gross profit	27,512	13,915	87,607	48,412
Other income	1,774	3,440	8,808	5,717
Operating costs	(11,383)	(14,725)	(37,487)	(51,925)
Finance cost	(4,368)	(1,952)	(15,183)	(10,261)
Share of loss of a joint venture	(14)	(1)	(19)	(6)
Share of (loss)/profit of an associate	(12)	(35)	(77)	189
Profit/(Loss) before tax	13,509	642	43,649	(7,874)
Tax expense	(6,626)	(4,119)	(15,366)	(8,307)
Profit/(Loss) for the financial period	6,883	(3,477)	28,283	(16,181)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income/(loss) for the financial period	6,883	(3,477)	28,283	(16,181)
Attributable to:				
Owners of the parent	7,395	733	22,576	(9,666)
Non-controlling interests	(512)	(4,210)	5,707	(6,515)
	6,883	(3,477)	28,283	(16,181)
Earnings/(Loss) per ordinary share attributable to equity holders of the Company (sen) :				
- Basic	1.89	0.19	5.78	(2.49)
- Diluted	1.89	0.19	5.78	(2.49)

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.

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

23 February 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	(UNAUDITED) AS AT 31 Dec 2016 RM'000	(AUDITED) AS AT 31 Dec 2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	43,583	55,061
Land held for property development	60,147	90,276
Investment properties	37,782	38,755
Investment in a joint venture	225	244
Investment in an associate	3,526	3,691
Deferred tax assets	3,223	4,528
	148,486	192,555
Current assets		
Property development costs	242,492	228,813
Inventories	25,116	33,609
Trade and other receivables	533,909	469,433
Current tax assets	336	920
Short term funds	844	818
Cash and bank balances	32,028	42,385
	834,725	775,978
TOTAL ASSETS	983,211	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	(510)	(419)
Retained earnings	160,910	138,334
	343,675	321,190
Non-controlling interests	6,949	1,242
TOTAL EQUITY	350,624	322,432
Non-current liabilities		
Borrowings	70,146	82,174
Deferred tax liabilities	2,933	2,247
	73,079	84,421
Current liabilities		
Trade and other payables	348,573	340,257
Borrowings	198,127	211,714
Current tax liabilities	12,808	9,709
	559,508	561,680
TOTAL LIABILITIES	632,587	646,101
TOTAL EQUITY AND LIABILITIES	983,211	968,533
Net assets per share attributable to owners of the parent (RM)	0.90	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)

23 February 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2016

	I------------ATTRIBUTABLE TO OWNERS OF THE PARENT				-----------I		
	I------Non-distributable	-------I		Distributable			
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling-interests RM'000	Total equity 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	-	-	-	22,576	22,576	5,707	**28,283**
Shares repurchased	-	-	(91)	-	(91)	-	**(91)**
Balance as at 31 December 2016	97,730	85,545	(510)	160,910	343,675	6,949	**350,624**

	I------------ATTRIBUTABLE TO OWNERS OF THE PARENT				-----------I		
	I------Non-distributable	-------I		Distributable			
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non-controlling-interests RM'000	Total equity RM'000
Balance as at 1 January 2015	97,730	85,545	(3,008)	152,835	333,102	7,752	**340,854**
Loss for the financial period / Total comprehensive loss for the period	-	-	-	(9,666)	(9,666)	(6,515)	**(16,181)**
Acquisition of subsidiary	-	-	-	-	-	5	**5**
Dividend paid	-	-	4,835	(4,835)	-	-	**-**
Shares repurchased	-	-	(2,246)	-	(2,246)	-	**(2,246)**
Total comprehensive income/(loss)							
Balance as at 31 December 2015	97,730	85,545	(419)	138,334	321,190	1,242	**322,432**

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.

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

23 February 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2016

	Current Period Ended 31 Dec 2016 RM'000	Preceding Period Ended 31 Dec 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	43,649	(7,874)
Adjustments for :		
Depreciation of property, plant and equipment	15,084	12,374
Impairment losses on trade and other receivables	117	155
Interest expense	15,183	10,261
Interest income	(1,014)	(1,138)
Property, plant and equipment written off	31	10
Gain on disposal of property, plant and equipment	(756)	(213)
Share of loss of a joint venture	19	6
Share of loss/(profit) of an associate	77	(189)
Operating profit before changes in working capital	72,390	13,392
Changes in working capital:		
Land held for property development	30,129	-
Inventories	8,493	801
Property development costs	(13,679)	(43,227)
Trade and other receivables	(64,593)	(57,034)
Trade and other payables	8,316	40,869
Cash generated from/(used in) operating activities	41,056	(45,199)
Interest paid	(14,048)	(8,996)
Interes Total comprehensive income/(loss)	1,014	1,138
Tax paid	(10,401)	(15,229)
Tax refunded	709	373
Net cash from/(used in) operating activities	18,330	(67,913)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash acquired	-	(45)
Purchase of property, plant and equipment	(782)	(7,098)
Purchase of land held for property development	-	(2,697)
Purchase of investment property	(2,053)	(38,755)
Proceeds from disposals of property, plant and equipment	927	267
Withdrawal/(Placement) of fixed deposits pledged	6,122	(413)
Net cash from/(used in) investing activities	4,214	(48,741)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(1,135)	(1,264)
Dividend received from an associate	88	-
Repurchase of shares	(91)	(2,246)
Repayments to hire purchase creditors	(9,679)	(9,374)
Drawdowns of term loans	48,180	148,957
Drawdowns of revolving credits	-	15,000
Repayments of term loans	(20,356)	(12,269)
Repayments of revolving credits	(13,043)	(1,300)
Net cash generated from financing activites	3,964	137,504
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,508	20,850
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(64,810)	(85,660)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(38,302)	(64,810)

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

	As at 31 Dec 2016 RM'000	As at 31 Dec 2015 RM'000
Cash and bank balances	2,444	6,678
Fixed deposits with licensed banks	29,584	35,706
Short term funds	844	819
	32,872	43,203
Less : Bank overdrafts included in borrowings	(41,590)	(72,307)
Fixed deposits pledged	(29,584)	(35,706)
Total cash and cash equivalents	(38,302)	(64,810)

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, 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 2017

FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018

FRS 9	Financial Instruments

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 ōTransitioning Entitiesö).

As further announced by MASB on 28 October 2015, the Transitioning Entities are allowed to defer the adoption of MFRSs 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 auditorsô report for the preceding audited financial statements was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The Groupõs 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 financial 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, shares held as treasury shares and resale of treasury shares for the current quarter.

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 RM43,500 at an average price of RM0.87 per ordinary share. During the financial year-to-date, a total of 535,502 shares purchased back were held as treasury shares with a total cost of RM509,881. 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.

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.

12 months ended 31 December 2016	Construction RM'000	Property Development RM'000	Other RM'000	Total RM'000
Segment Revenue				
Total revenue	236,994	102,155	11,281	350,430
Inter segment revenue	(17,446)	-	(2,926)	(20,372)
Revenue from external customers	219,548	102,155	8,355	330,058
Interest income	747	212	55	1,014
Finance cost	(4,017)	(5,776)	(5,390)	(15,183)
Net finance expense	(3,270)	(5,564)	(5,335)	(14,169)
Segment profit before taxation	**26,700**	**17,606**	**(678)**	**43,628**
Share of loss of an associate, net of tax	(77)	-	-	(77)
Share of loss of a joint venture, net of tax	-	-	(19)	(19)
Taxation	(8,541)	(5,895)	(930)	(15,366)
Other material non-cash item:				
- Depreciation	(11,139)	(510)	(3,435)	(15,084)
Additions to non-current assets other than financial instruments and deferred tax assets	515	267	2,053	2,835
Segment assets	**653,114**	**645,446**	**337,261**	**1,635,821**
Segment liabilities	**456,299**	**616,176**	**123,431**	**1,195,906**

A9. Segmental Information (Cont'd)

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

12 months ended 31 December 2015	Construction RM'000	Property Development RM'000	Other RM'000	Total RM'000
Segment Revenue				
Total revenue	309,473	60,419	41,791	411,683
Inter segment revenue	(97,381)	-	(41,791)	(139,172)
Revenue from external customers	212,092	60,419	-	272,511
Interest income	753	318	67	1,138
Finance cost	(4,836)	(4,833)	(592)	(10,261)
Net finance expense	(4,083)	(4,515)	(525)	(9,123)
Segment profit/(loss) before taxation	**(4,074)**	**7,471**	**(4,783)**	**(1,386)**
Share of profit of an associate, net of tax	189	-	-	189
Share of loss of a joint venture, net of tax	-	-	(6)	(6)
Taxation	116	(8,692)	269	(8,307)
Other material non-cash item:				
- Depreciation	(11,341)	(555)	(478)	(12,374)
Additions to non-current assets other than financial instruments and deferred tax assets	11,035	4,497	38,893	54,425
Segment assets	**701,196**	**575,235**	**365,678**	**1,642,109**
Segment liabilities	**523,767**	**561,797**	**146,526**	**1,232,090**

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 31 Dec 16 RM'000	As at 31 Dec 15 RM'000
Revenue		
Total revenue for reportable segments	350,430	411,683
Elimination of inter-segmental revenues	(20,372)	(139,172)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	330,058	272,511
Profit for the financial period		
Total profit/(loss) for reportable segments	43,628	(1,386)
Share of (loss)/profit of an associate, net of tax	(77)	189
Share of loss of a joint venture, net of tax	(19)	(6)
Elimination of consolidation adjustments	117	(6,671)
Profit/(Loss) before tax	43,649	(7,874)
Tax expense	(15,366)	(8,307)
Profit/(Loss) for the financial period of the Group per consolidated statement of profit or loss and other comprehensive income	28,283	(16,181)

	As at 31 Dec 16 RM'000	As at 31 Dec 15 RM'000
Assets		
Total assets for reportable segments	1,635,821	1,642,109
Elimination of investment in subsidiaries and consolidation adjustments	(92,573)	(97,940)
Elimination on inter-segment balances	(560,037)	(575,636)
Total assets of the Group per consolidated statement of financial position	983,211	968,533
Liabilities		
Total liabilities for reportable segments	1,195,906	1,232,090
Elimination of consolidation adjustments	(6,585)	(10,353)
Elimination on inter-segment balances	(556,734)	(575,636)
Total liabilitiess of the Group per consolidated statement of financial position	632,587	646,101

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 31 Dec 16 RM'000	As at 31 Dec 15 RM'000
Contracted but not provided for:		
- Freehold land held under development	54,250	65,300

A15. Contingent Liabilities

Details of contingent liabilities of the Group are as follows:

	As at 31 Dec 16 RM'000	As at 31 Dec 15 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	98,419	133,241

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 and profit after taxation and non-controlling interests of RM86.07 million and RM7.40 million as compared to RM46.89 million and RM0.73 million respectively in preceding year corresponding quarter ended 31 December 2015.

<u>Construction segment:</u>

This segment reported a lower revenue of RM74.50 million in 4Q2016 compared to RM81.92 million in the same preceding year corresponding quarter last year (before eliminating inter-segment sales). It recorded a pre-tax profit of RM20.58 million compared to RM7.02 million the previous year corresponding period.

The revenue for the current quarter was mainly from the commencement of works for the Sungai Besi ï Ulu Kelang (SUKE) Highway and the PR1MA Homes in Kuala Kuantan, Pahang. The higher pre-tax profit is mainly due to the Construction division rigorous exercise in re-organising and consolidating its operations structure and reducing cost inefficiencies, which has turn-around the segment financial results.

<u>Property development segment:</u>

This segment reported a higher revenue of RM9.24 million in 4Q2016 compared to a net reversal revenue of RM2.51 million in the same preceding year corresponding quarter. It recorded a pre-tax loss of RM5.48 million compared to RM1.97 million for the previous year corresponding period. The net reversal of revenue in 4Q2015 was due to sales cancellation arising from buyersô failure to secure end-financing as a result of mortgage loan tightening policies by financial institutions.

The higher revenue in the current quarter was year mainly due to increase in sales for Contours Courtyard Villas and Permas Centro Shop Office. In addition to that, the increase in work progress for the on-going projects, The Peak Serviced Apartments and Permas Centro Shop Offices which achieved its completed stage has further improved the revenue line.

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 RM86.07 million and RM7.40 million as compared to RM69.01 million and RM5.16 million respectively reported in the immediate preceding quarter.

The Group profit before tax (ñPBTò) of RM13.51 million in the current quarter is higher as compared to the preceding quarter of RM8.25 million. The higher PBT in the current quarter was mainly due to the higher contribution from the work progress of the new projects in the construction segment.

B3. Prospects

The Group's Construction Division's outstanding order book balance stands at RM1.7 billion and expect to last until year 2020. We are positive on our prospects of further enhancing the order book in the upcoming quarters, thus strengthening the performance of the construction segment.

The Group's property development projects currently have unbilled sales of sold units amounting to approximately RM146.40 million and unbilled sales in relation to unsold units amounting to approximately RM590.51 million.

Under the Group's ongoing monetization programme, the Group has disposed of selected pieces of land to raise funds as working capital and to repay bank borrowings which is in line with the Group's de-gearing exercise to strengthen its financial footing.

Kreatif Sinar Gabungan Sdn Bhd ("KGSB") (a 30%-owned associate company of the Group) had on 21 December 2016 accepted the Letter of Award ("LOA") for the Proposed Development of Pusat Pentadbiran Sultan Ahmad Shah ("PPSAS"). On 4 January 2017, the Group, via its wholly-owned subsidiary, Gabungan Strategik Sdn Bhd ("GSSB") accepted the Letter of Award from KGSB for the PPSAS contract. The total contract sum awarded to GSSB is RM360.98 million. This project is expected to contribute positively to both revenue and profits to the Construction division.

On 18 August 2016 and further to that on 12 October 2016, the Group was altogether awarded a total contract sum of RM627.9 million for the execution and completion of bridge structure works in respect of "Projek Penswastaan Lebuhraya Bertingkat Sungai Besi-Ulu Kelang Package SUKE-CA3. This project is expected to contribute positively to both revenue and profits for the Construction division.

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. The project is expected to contribute positively to both revenue and profits to both its Construction and Property Development division in second quarter of year 2017. The Group targets to sign the Master En Bloc Purchase Agreement (MEBPA) and to obtain its Development Order by end of first quarter 2017. Following that, the Group also expects to obtain the Building Plan by end of second quarter 2017.

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.

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. On 23 September 2016, Suria Capital announced that it has received draft titles for the sub-division of the master land title for Kota Kinabalu Port land. On 19 January 2017, Suria Capital has obtained the approval of the Director of Lands and Surveys Department of the State of Sabah for the subdivision of the Land for obtaining an individual title for the Development Land. With the condition precedent being fulfilled by Suria Capital, the Group can now proceed with the planned development of the Project. This project is expected to contribute positively to both revenue and profits to both its Construction and Property Development division in third quarter of year 2017.

B3. Prospects (cont'd)

The Group will continue to bid actively in various tender exercises. It has thus far successfully been pre-qualified and shortlisted to participate in the tender for the Bandar Utamaï Klang Light Rail Transit (LRT) Line 3.

The Group is looking to undertake works for the Pan Borneo Highway (PBH) project in Sabah. Our participation in the implementation of the PBH will be through, our associated company, SEDCO Precast Sdn Bhd which will benefit from supplying precast components for the PBH project.

With the recent announcements of the East Coast Rail Line (ECRL) project, the Group is confident that it will procure a portion of the civil and structure works in relation to the ECRL given that the Group is already actively involved in construction projects with the State Government of Pahang.

The Group remains confident that with its enhanced construction order book and pipeline property development projects, it will be able sustain its performance for the next 3 years.

B4. Profit Forecast and Profit Estimate

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

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

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 16 RM'000	31 Dec 15 RM'000	31 Dec 16 RM'000	31 Dec 15 RM'000
Interest income	356	469	1,014	1,138
Other income	1,134	640	7,285	2,104
Interest expense (excluding interest capitalised)	(4,368)	(1,952)	(15,183)	(10,261)
Depreciation and amortisation	(3,893)	(3,856)	(15,084)	(12,374)
Provision for and write off of receivables	(117)	*	(117)	*
Provision for and write off of inventories	*	*	*	*
Property, plant and equipment written off	(28)	(3)	(31)	(10)
Gain on disposal of property, plant and equipment	474	69	756	213
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 12 months ended	
	31 Dec 16 RM'000	**31 Dec 15 RM'000**	**31 Dec 16 RM'000**	**31 Dec 15 RM'000**
Current taxation				
- Current year	4,888	2,762	13,771	8,292
- Previous year	807	(69)	(430)	(1,232)
	5,695	2,693	13,341	7,060
Deferred taxation				
- Current year	1,054	4,948	1,588	1,453
- Prior years	(123)	(3,522)	437	(206)
	931	1,426	2,025	1,247
	6,626	4,119	15,366	8,307

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

The non-recognition deferred tax assets is only temporary and will be recognised and utilised against the taxable profits when the subsidiary starts to have taxable profits in the future, which will then results in lower effective tax rate.

B7. Status of Corporate Proposals Announced

There were no corporate proposals previously announced but not completed as at 16 February 2017, 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 31 Dec 16 RM'000	**As at 31 Dec 15 RM'000**
The Groupφs borrowings and debt securities are as follows:		
Long term borrowings		
Secured:		
Term loans	69,516	76,627
Hire purchase creditors	630	5,547
	70,146	82,174
Short term borrowings		
Secured:		
Term loans	145,625	110,690
Revolving credit	6,057	19,100
Hire purchase creditors	4,855	9,617
Bank overdrafts	41,590	72,307
	198,127	211,714

B9. Material Litigation

Saved as disclosed below, there is no other material litigation pending as at 16 February 2017, 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. On 23 May 2016, Profound withdrew its claim against GSSB.

   The case was fixed for Mediation on 17 January 2017 whereby a settlement was reached between Profound and PMI. By consent and without admission as to liability and purely on an ex-gratia basis a Consent Judgment was entered to reflect the said settlement.

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 hearing for the case was fixed on 6 January 2017. With regards to the Striking Out Claim, the Judge dismissed the claim on 20 January 2017.

   The court has now fixed the matter for case management on 1 March 2017.

B9. Material Litigation (cont'd)

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 litigation has been settled between the parties by a recording of a consent judgement in court on 9 November 2016.

d) On 27 October 2016, Gabungan Strategik Sdn Bhd (“GSSB”), subsidiary of the Company, was served with a Writ of Summons by APS Injection Piling (M) Sdn Bhd (“APS”). APS is claiming that GSSB had not issued a final account and delayed the release of the retention sum money despite work had been completed. GSSB issued a reply to the Statement of Defence dated 23 December 2016.

The court has fixed the matter for case management on 22 February 2017.

B10. Dividend

The Board has yet to decide on the dividend for the financial year ended 31 December 2016.

B11. Earnings/(Loss) Per Share

(a) Basic

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

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 16 RM'000	**31 Dec 15 RM'000**	**31 Dec 16 RM'000**	**31 Dec 15 RM'000**
Profit/(Loss) attributable to equity holders of the Company (RM'000)	7,395	733	22,576	(9,666)
Number of shares at the beginning of the year ('000)	390,484	388,445	390,484	388,445
Distribution of treasury shares as share dividend	-	-	-	1,601
Effect of Share Buy Back	(33)	(1,288)	(33)	(1,288)
Weighted average number of ordinary shares in issue ('000)	390,451	387,157	390,451	388,758
Basic earnings/(loss) per share (sen)	**1.89**	**0.19**	**5.78**	**(2.49)**

(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").

B12. Realised and Unrealised Retained Profits

	As at 31 Dec 16 RM'000	**As at 31 Dec 15 RM'000**
Total retained earnings of the Company and its subsidiaries :		
- Realised	244,496	214,157
- Unrealised	(1,622)	(453)
	242,875	213,704
Total share of retained earnings from an associate:		
- Realised	204	370
Total share of accumulated losses from a joint venture:		
- Realised	(30)	(11)
	243,049	214,063
Less : Consolidation adjustments	(82,139)	(75,729)
Total retained earnings	160,910	138,334

B13. Authorisation for Issue

This interim financial report was authorised for issuance by the Board of Directors of the Company on 23 February 2017.