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

22 May 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 Mar 2017 RM'000	PRECEEDING YEAR QUARTER 31 Mar 2016 RM'000	CURRENT YEAR TO DATE 31 Mar 2017 RM'000	PRECEEDING YEAR TO DATE 31 Mar 2016 RM'000
Revenue	158,940	79,648	158,940	79,648
Cost of sales	(118,323)	(63,034)	(118,323)	(63,034)
Gross profit	40,617	16,614	40,617	16,614
Other income	377	1,064	377	1,064
Operating costs	(11,134)	(9,147)	(11,134)	(9,147)
Finance cost	(3,885)	(3,317)	(3,885)	(3,317)
Share of loss of a joint venture	(40)	(2)	(40)	(2)
Share of loss of an associate	(83)	(52)	(83)	(52)
Profit before tax	25,852	5,160	25,852	5,160
Tax expense	(7,331)	(1,820)	(7,331)	(1,820)
Profit for the financial period	18,521	3,340	18,521	3,340
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the financial period	18,521	3,340	18,521	3,340
Attributable to:				
Owners of the parent	16,142	3,751	16,142	3,751
Non-controlling interests	2,379	(411)	2,379	(411)
	18,521	3,340	18,521	3,340
Earnings per ordinary share attributable to equity holders of the Company (sen) :				
- Basic	4.13	0.96	4.13	0.96
- Diluted	4.13	0.96	4.13	0.96

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying notes.

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

22 May 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	(UNAUDITED) AS AT 31 Mar 2017 RM'000	(AUDITED) AS AT 31 Dec 2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,850	43,583
Land held for property development	37,931	60,439
Investment properties	36,371	37,782
Investment in a joint venture	185	225
Investment in an associate	3,443	3,526
Deferred tax assets	3,234	3,223
	122,014	148,778
Current assets		
Property development costs	208,248	244,973
Inventories	21,938	25,116
Trade and other receivables	664,494	522,377
Other investment	7,433	2,512
Current tax assets	350	335
Short term funds	304	952
Cash and bank balances	38,366	31,980
	941,133	828,245
TOTAL ASSETS	1,063,147	977,023
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	183,275	97,730
Share premium	-	85,545
Treasury shares	(510)	(510)
Retained earnings	177,108	160,966
	359,873	343,731
Non-controlling interests	9,272	6,893
TOTAL EQUITY	369,145	350,624
Non-current liabilities		
Borrowings	69,906	72,526
Deferred tax liabilities	2,932	2,932
	72,838	75,458
Current liabilities		
Trade and other payables	370,125	342,243
Borrowings	232,493	195,890
Current tax liabilities	18,546	12,808
	621,164	550,941
TOTAL LIABILITIES	694,002	626,399
TOTAL EQUITY AND LIABILITIES	1,063,147	977,023
Net assets per share attributable to owners of the parent (RM)	0.92	0.88

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying notes.

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

22 May 2017

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	I----------ATTRIBUTABLE TO OWNERS OF THE PARENT----------I						
	I------Non-distributable-------I			Distributable		Non-	
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	controlling-interests RM'000	Total equity RM'000
Balance as at 1 January 2017	97,730	85,545	(510)	160,966	343,731	6,893	**350,624**
Reclassification pursuant to S618(2) of Companies Act 2016 (Note 1)	85,545	(85,545)	-	-	-	-	**-**
Profit for the financial period / Total comprehensive income for the period	-	-	-	16,142	16,142	2,379	**18,521**
Balance as at 31 March 2017	183,275	-	(510)	177,108	359,873	9,272	**369,145**

	I----------ATTRIBUTABLE TO OWNERS OF THE PARENT----------I						
	I------Non-distributable-------I			Distributable		Non-	
	Share capital RM'000	Share premium RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	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	-	-	-	3,751	3,751	(411)	**3,340**
Balance as at 31 March 2016	97,730	85,545	(419)	142,085	324,941	831	**325,772**

Note 1:
Pursuant to the Companies Act 2016 ("CA2016") which came into effect on 31 January 2017, the credit amounts in the share premium account has been transferred to the share capital account. The Group may exercise its right to use the credit amounts transferred from the share premium account within 24 months after the commencement of the CA2016.

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 2016 and the accompanying notes.

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

22 May 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2017

	Current Period Ended 31 Mar 2017 RM'000	Preceding Period Ended 31 Mar 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	25,852	5,160
Adjustments for :		
Depreciation of property, plant and equipment	4,270	3,073
Interest expense	3,885	3,317
Interest income	(126)	(108)
Property, plant and equipment written off	-	1
Gain on disposal of property, plant and equipment	(40)	(1)
Share of loss of a joint venture	40	2
Share of loss of an associate	83	52
Operating profit before changes in working capital	33,964	11,496
Changes in working capital:		
Inventories	3,178	5,950
Property development costs	59,233	(1,656)
Trade and other receivables	(147,038)	19,940
Trade and other payables	27,882	(27,898)
Cash (used in)/generated from operating activities	(22,781)	7,832
Interest paid	(1,029)	(1,486)
Interest received	126	108
Tax paid	(1,619)	(4,983)
Net cash (used in)/from operating activities	(25,303)	1,471
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(131)	(591)
Purchase of land held for property development	-	(131)
Purchase of investment property	-	(623)
Proceeds from disposals of property, plant and equipment	45	29
(Placement)/Withdrawal of fixed deposits pledged	(2,326)	6,113
Net cash (used in)/from investing activities	(2,412)	4,797
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(2,856)	(1,831)
Repayments to hire purchase creditors	(1,655)	(2,286)
Drawdowns of term loans	-	12,676
Repayments of term loans	(6,714)	(4,232)
Repayments of revolving credits	(1,017)	-
Net cash (used in)/from financing activites	(12,242)	4,327
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(39,957)	10,595
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(38,384)	(64,810)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(78,341)	(54,215)

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

	As at 31 Mar 2017 RM'000	As at 31 Mar 2016 RM'000
Cash and bank balances	6,456	6,040
Fixed deposits with licensed banks	31,910	29,594
Short term funds	304	820
	38,670	36,454
Less : Bank overdrafts included in borrowings	(85,101)	(61,075)
Fixed deposits pledged	(31,910)	(29,594)
Total cash and cash equivalents	(78,341)	(54,215)

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 2016. 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 2016.

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 2016, except as follows:

On 1 January 2017, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2017.

1 January 2017

Amendment to FRS 12	Annual Improvements to FRSs 2014-2016 Cycle
Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Adoption of the above standards and interpretations did not have any significant effect on the financial performance or position of the Group.

The Group has not adopted the following standards and interpretations that have been issued and not yet effective:

1 January 2018

FRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions

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').

A2. Changes in Accounting Policies (Cont'd)

On 7 August 2013, the MASB issued another announcement that Transitioning Entities would only be required to adopt the MFRS framework for the annual periods beginning on or after 1 January 2015. Subsequently on the 2 September 2014 and 28 October 2015, MASB has further announced that Transitioning Entities shall be required to apply the Malaysian Financial Reporting Standards ("MFRS") Framework for annual periods beginning on or after 1 January 2017 and 1 January 2018 respectively.

The Group falls within the scope definition of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

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.

As at the end of the current quarter, a total of 535,502 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.

3 months ended 31 March 2017	Construction RM'000	Property Development RM'000	Other RM'000	Total RM'000
Segment Revenue				
Total revenue	61,906	95,712	5,399	163,017
Inter segment revenue	(1,516)	-	(2,561)	(4,077)
Revenue from external customers	60,390	95,712	2,838	158,940
Interest income	48	24	54	126
Finance cost	(1,185)	(1,177)	(1,523)	(3,885)
Net finance expense	(1,137)	(1,153)	(1,469)	(3,759)
Segment profit before taxation	**8,630**	**16,650**	**1,471**	**26,751**
Share of loss of an associate, net of tax	(83)	-	-	(83)
Share of loss of a joint venture, net of tax	-	-	(40)	(40)
Taxation	(2,730)	(4,220)	(381)	(7,331)
Other material non-cash item:				
- Depreciation	(2,644)	(108)	(1,518)	(4,270)
Additions to non-current assets other than financial instruments and deferred tax assets	131	-	-	131
Segment assets	**710,936**	**689,567**	**343,110**	**1,743,613**
Segment liabilities	**511,195**	**649,538**	**123,679**	**1,284,412**

A9. Segmental Information (Cont'd)

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

3 months ended 31 March 2016	**Construction RM'000**	**Property Development RM'000**	**Other RM'000**	**Total RM'000**
Segment Revenue				
Total revenue	58,824	29,983	1,275	90,082
Inter segment revenue	(9,159)	-	(1,275)	(10,434)
Revenue from external customers	49,665	29,983	-	79,648
Interest income	86	20	2	108
Finance cost	(973)	(1,627)	(717)	(3,317)
Net finance expense	(887)	(1,607)	(715)	(3,209)
Segment profit/(loss) before taxation	**(2,110)**	**6,973**	**(457)**	**4,406**
Share of loss of an associate, net of tax	(52)	-	-	(52)
Share of loss of a joint venture, net of tax	-	-	(2)	(2)
Taxation	531	(2,332)	(19)	(1,820)
Other material non-cash item:				
- Depreciation	(2,831)	(140)	(102)	(3,073)
Additions to non-current assets other than financial instruments and deferred tax assets	373	347	623	1,343
Segment assets	**656,478**	**628,476**	**330,384**	**1,615,338**
Segment liabilities	**480,463**	**606,276**	**115,832**	**1,202,571**

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 Mar 17 RM'000	As at 31 Mar 16 RM'000
Revenue		
Total revenue for reportable segments	163,017	90,082
Elimination of inter-segmental revenues	(4,077)	(10,434)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	158,940	79,648
Profit for the financial period		
Total profit for reportable segments	26,751	4,406
Share of loss of an associate, net of tax	(83)	(52)
Share of loss of a joint venture, net of tax	(40)	(2)
Elimination of consolidation adjustments	(776)	808
Profit before tax	25,852	5,160
Tax expense	(7,331)	(1,820)
Profit for the financial period of the Group per consolidated statement of profit or loss and other comprehensive income	18,521	3,340

	As at 31 Mar 17 RM'000	As at 31 Mar 16 RM'000
Assets		
Total assets for reportable segments	1,743,613	1,615,338
Elimination of investment in subsidiaries and consolidation adjustments	(92,686)	(91,554)
Elimination on inter-segment balances	(587,780)	(585,795)
Total assets of the Group per consolidated statement of financial position	1,063,147	937,989
Liabilities		
Total liabilities for reportable segments	1,284,412	1,202,571
Elimination of consolidation adjustments	(5,978)	1,794
Elimination on inter-segment balances	(584,432)	(592,148)
Total liabilitiess of the Group per consolidated statement of financial position	694,002	612,217

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 Mar 17 RM'000	As at 31 Dec 16 RM'000
Contracted but not provided for:		
- Freehold land held under development	53,250	54,250

A15. Contingent Liabilities

	As at 31 Mar 17 RM'000	As at 31 Dec 16 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	129,315	97,995

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 RM158.94 million and RM16.14 million as compared to RM79.65 million and RM3.75 million respectively in preceding year corresponding quarter ended 31 March 2016.

Construction segment:

This segment reported a higher revenue of RM61.91 million in 1Q2017 compared to RM58.82 million in 1Q2016 (before eliminating inter-segment sales). It recorded a pre-tax profit of RM8.63 million in 1Q2017 compared to a loss of RM2.11 million in 1Q2016.

The revenue for the current quarter was mainly from the work progress for the Sungai Besi – Ulu Kelang (SUKE) Highway, PR1MA Homes in Kuala Kuantan, Pahang and Pusat Pentadbiran Sultan Ahmad Shah (PPSAS). The higher pre-tax profit was mainly due improved operating margins from the ongoing projects.

Property development segment:

This segment reported a higher revenue of RM95.71 million in 1Q2017 compared to RM29.98 million in 1Q2016. It recorded a pre-tax profit of RM16.65 million in 1Q2017 compared to RM6.97 million in 1Q2016.

The higher revenue and profit in the current quarter was mainly due to sales of two pieces of land held under development. In addition to that, sales from the Courtyard Villas, 'The Contours' had further improved the contributions.

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 RM158.94 million and RM16.14 million as compared to RM86.07 million and RM7.40 million respectively reported in the immediate preceding quarter.

The Group profit before tax ("PBT") of RM25.85 million in the current quarter is higher as compared to the preceding quarter of RM13.51 million. The higher PBT in the current quarter was mainly due to the higher contribution from the work progress of the projects in the construction segment and from the sale of the two pieces of land in the property development segment.

B3. Prospects

During the Financial Year 2016, the Group managed to increase the outstanding order book significantly to RM1.7 billion, excluding the Jesselton Waterfront project which is a growth of RM1.5 billion. The order book is expected to last the Group until the year 2020. Moving forward, the Group has successfully pre-qualified and is shortlisted to participate in the tender for the Light Rail Transit Line 3 (“LRT3”). We also hope to undertake works for the Pan Borneo Highway (“PBH”) project in Sabah.

Our associate company, SEDCO Precast, is poised to secure a significant order to supply pre-cast components for the PBH project since preference is expected to be given to Sabah-based company and in this case, SEDCO Precast is a 51% subsidiary of Sabah Economic Development Corporation. The land area in which SEDCO Precast operates on is approximately 18 acres and current utlised land area is only approximately 30% of the total land area which provides ample room for expansion as and when PBH project kicks off. SEDCO Precast is also certified by the Construction Industry Development Board (CIDB) to be an Industrialised Building System (IBS) manufacturer which reflects its capability in producing quality IBS and pre-cast concrete products.

The Group also intends to secure a portion of the civil and structure works in relation to the East Coast Rail Line (ECRL), given that it is currently actively involved in a construction project with the state Government of Pahang. Since the Group has successfully gained a strong footing in Pahang with the PPSAS project and the PR1MA Gambang project both totalling to approximated RM800 million, we expect more projects in Pahang in this segment.

Meanwhile, the Group’s property development projects currently have unbilled sales of sold units amounting to approximately RM144.82 million and unbilled sales in relation to unsold units amounting to approximately RM590.51 million. On top of these figures, the Group plans to launch the One Jesselton Waterfront project in late 2017 and amongst others, SEDCO Precast will supply precast concrete building materials for project construction.

With the projects mentioned above, the Group has now established a strong presence in Pahang and Sabah. Both these states are expected to experience high growth rates in the next 3 years in light of the various Federal and State Government projects which are being implemented. The Group now has always been prudent in choice and selection of locations and emphasized on innovative designs and layout. Key factors that are taken into account at planning stage are the design, concept, location, accessibility and quality of the development. These have translated into good acceptance and take-up rates on most of the projects.

Meanwhile, as part of the Group's ongoing monetisation programme, it has disposed of selected pieces of land amounting to RM140.79 million to improve the Group’s working capital position and to repay bank borrowings in line with the Group’s de-gearing exercise to strengthen its financial footing. The inflow of funds from these land disposals will enable savings in loan financing costs estimated at RM4.64 milion per annum.

The Group targets to further increase the Construction Order Book by another RM700 million to RM1 billion by the end of the Financial Year 2017. The current outstanding order book of RM1.7 billion with improving profit margins will continue to be reflected in healthy earnings of the Group's Construction Division throughout the Financial Year 2017.

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 3 months ended	
	31 Mar 17 RM'000	31 Mar 16 RM'000	31 Mar 17 RM'000	31 Mar 16 RM'000
Interest income	126	108	126	108
Other income	297	956	297	956
Interest expense (excluding interest capitalised)	(3,885)	(3,317)	(3,885)	(3,317)
Depreciation and amortisation	(4,270)	(3,073)	(4,270)	(3,073)
Provision for and write off of receivables	*	*	*	*
Provision for and write off of inventories	*	*	*	*
Property, plant and equipment written off	-	(1)	-	(1)
Gain on disposal of property, plant and equipment	40	1	40	1
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 3 months ended	
	31 Mar 17 RM'000	31 Mar 16 RM'000	31 Mar 17 RM'000	31 Mar 16 RM'000
Current taxation				
- Current year	7,331	2,663	7,331	2,663
Deferred taxation				
- Current year	-	(574)	-	(574)
- Prior years	-	(269)	-	(269)
	-	(843)	-	(843)
	7,331	1,820	7,331	1,820

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 subsidiaries start 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 15 May 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 Mar 17 RM'000	As at 31 Dec 16 RM'000
The Group's borrowings and debt securities are as follows:		
Long term borrowings		
Secured:		
Term loans	69,197	71,895
Hire purchase creditors	709	630
	69,906	72,526
Short term borrowings		
Secured:		
Term loans	139,230	143,245
Revolving credit	5,040	6,057
Hire purchase creditors	3,122	4,855
Bank overdrafts	85,101	41,732
	232,493	195,890

B9. Material Litigation

Saved as disclosed below, there is no other material litigation pending as at 15 May 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.

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 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 August 2017.

B10. Dividend

No dividend has been proposed by the Board of Directors for the current quarter ended 31 March 2017.

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 3 months ended**	
	31 Mar 17 RM'000	**31 Mar 16 RM'000**	**31 Mar 17 RM'000**	**31 Mar 16 RM'000**
Profit attributable to equity holders of the Company (RM'000)	16,142	3,751	16,142	3,751
Number of shares at the beginning of the year ('000)	390,384	390,484	390,384	390,484
Weighted average number of ordinary shares in issue ('000)	390,384	390,484	390,384	390,484
Basic earnings per share (sen)	**4.13**	**0.96**	**4.13**	**0.96**

B11. Earnings Per Share (Cont'd)

(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 Mar 17 RM'000	As at 31 Dec 16 RM'000
Total retained earnings of the Company and its subsidiaries :		
- Realised	263,906	244,497
- Unrealised	(1,621)	(1,622)
	262,285	242,875
Total share of retained earnings from an associate:		
- Realised	121	204
Total share of accumulated losses from a joint venture:		
- Realised	(70)	(30)
	262,336	243,049
Less : Consolidation adjustments	(85,228)	(82,083)
Total retained earnings	177,108	160,966

B13. Authorisation for Issue

This interim financial report was authorised for issuance by the Board of Directors of the Company on 22 May 2017.