

23 November 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|---|--|---|
| | CURRENT YEAR QUARTER 30 Sept 2017 RM'000 | PRECEEDING YEAR QUARTER 30 Sept 2016 RM'000 | CURRENT YEAR TO DATE 30 Sept 2017 RM'000 | PRECEEDING YEAR TO DATE 30 Sept 2016 RM'000 |
| Revenue | 80,453 | 69,009 | 319,227 | 243,992 |
| Cost of sales | (50,685) | (53,670) | (225,737) | (183,897) |
| Gross profit | 29,768 | 15,339 | 93,490 | 60,095 |
| Other income | 710 | 4,682 | 1,585 | 7,034 |
| Operating costs | (12,650) | (8,516) | (33,730) | (26,104) |
| Finance cost | (3,029) | (3,263) | (10,279) | (10,815) |
| Share of profit/(loss) of a joint venture | 102 | (3) | 13 | (5) |
| Share of profit/(loss) of an associate | 61 | 8 | (78) | (65) |
| Profit before tax | 14,962 | 8,247 | 51,001 | 30,140 |
| Tax expense | (6,323) | (3,992) | (17,236) | (8,740) |
| Profit for the financial period | 8,639 | 4,255 | 33,765 | 21,400 |
| Other comprehensive income, net of tax | - | - | - | - |
| Total comprehensive income for the financial period | 8,639 | 4,255 | 33,765 | 21,400 |
| Attributable to: | | | | |
| Owners of the parent | 9,434 | 5,157 | 32,805 | 15,181 |
| Non-controlling interests | (795) | (902) | 960 | 6,219 |
| | 8,639 | 4,255 | 33,765 | 21,400 |
| Earnings per ordinary share attributable to equity holders of the Company (sen) : | | | | |
| - Basic | 2.32 | 1.32 | 8.07 | 3.89 |
| - Diluted | 1.67 | 1.32 | 5.79 | 3.89 |

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.

23 November 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

| | (UNAUDITED) AS AT 30 Sept 2017 <u>RM'000</u> | (AUDITED) AS AT 31 Dec 2016 <u>RM'000</u> |
|--|---|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 34,997 | 43,583 |
| Land held for property development | 37,931 | 60,439 |
| Investment properties | 34,721 | 37,782 |
| Investment in a joint venture | 238 | 225 |
| Investment in an associate | 3,449 | 3,526 |
| Goodwill | 25,521 | - |
| Deferred tax assets | 3,232 | 3,223 |
| | <u>140,089</u> | <u>148,778</u> |
| Current assets | | |
| Property development costs | 204,107 | 244,973 |
| Inventories | 31,643 | 25,116 |
| Trade and other receivables | 616,660 | 522,377 |
| Other investment | 7,433 | 2,512 |
| Current tax assets | 448 | 335 |
| Short term funds | 10,060 | 952 |
| Cash and bank balances | 37,351 | 31,980 |
| | <u>907,702</u> | <u>828,245</u> |
| TOTAL ASSETS | <u>1,047,791</u> | <u>977,023</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share capital | 235,075 | 97,730 |
| Share premium | - | 85,545 |
| Treasury shares | (510) | (510) |
| Retained earnings | 193,554 | 160,966 |
| | <u>428,119</u> | <u>343,731</u> |
| Non-controlling interests | <u>7,853</u> | <u>6,893</u> |
| TOTAL EQUITY | <u>435,972</u> | <u>350,624</u> |
| Non-current liabilities | | |
| Borrowings | 33,173 | 72,526 |
| Deferred tax liabilities | 2,932 | 2,932 |
| | <u>36,105</u> | <u>75,458</u> |
| Current liabilities | | |
| Trade and other payables | 380,263 | 342,243 |
| Borrowings | 170,371 | 195,890 |
| Current tax liabilities | 25,080 | 12,808 |
| | <u>575,714</u> | <u>550,941</u> |
| TOTAL LIABILITIES | <u>611,819</u> | <u>626,399</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,047,791</u> | <u>977,023</u> |
| Net assets per share attributable to owners of the parent (RM) | 1.04 | 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.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

| | -----ATTRIBUTABLE TO OWNERS OF THE PARENT----- | | | | | | |
|--|--|--|------------------------------|---|-----------------|---|---------------------------|
| | Share capital RM'000 | Non-distributable Share premium RM'000 | Treasury shares RM'000 | Distributable Retained earnings RM'000 | Total RM'000 | Non- 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 | - | - | - | 32,805 | 32,805 | 960 | 33,765 |
| Issuance of ordinary shares pursuant to - acquisition of a subsidiary | 26,016 | - | - | (217) | 25,799 | - | 25,799 |
| - private placement | 26,294 | - | - | - | 26,294 | - | 26,294 |
| - exercise of warrants | 66 | - | - | - | 66 | - | 66 |
| Share issue expenses | (576) | - | - | - | (576) | - | (576) |
| Balance as at 30 September 2017 | 235,075 | - | (510) | 193,554 | 428,119 | 7,853 | 435,972 |
| | -----ATTRIBUTABLE TO OWNERS OF THE PARENT----- | | | | | | |
| | Share capital RM'000 | Non-distributable Share premium RM'000 | Treasury shares RM'000 | Distributable 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 | - | - | - | 15,181 | 15,181 | 6,219 | 21,400 |
| Shares repurchased | - | - | (47) | - | (47) | - | (47) |
| Balance as at 30 September 2016 | 97,730 | 85,545 | (466) | 153,515 | 336,324 | 7,461 | 343,785 |

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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

| | Current Period Ended 30 Sept 2017 RM'000 | Preceding Period Ended 30 Sept 2016 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 51,001 | 30,140 |
| Adjustments for : | | |
| Depreciation of property, plant and equipment | 11,659 | 11,191 |
| Interest expense | 10,279 | 10,815 |
| Interest income | (774) | (658) |
| Property, plant and equipment written off | 1,990 | 3 |
| Gain on disposal of property, plant and equipment | (40) | (282) |
| Share of (profit)/loss of a joint venture | (13) | 5 |
| Share of loss of an associate | 78 | 65 |
| Operating profit before changes in working capital | 74,180 | 51,279 |
| Changes in working capital: | | |
| Inventories | (6,527) | 8,190 |
| Property development costs | 63,374 | 22,076 |
| Trade and other receivables | (99,204) | (15,301) |
| Trade and other payables | 38,020 | (48,544) |
| Cash generated from operating activities | 69,843 | 17,700 |
| Interest paid | (2,282) | (10,268) |
| Interest received | 774 | 658 |
| Tax paid | (5,086) | (8,844) |
| Net cash from/(used in) operating activities | 63,249 | (754) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of a subsidiary, net of cash acquired | 278 | - |
| Purchase of property, plant and equipment | (2,022) | (661) |
| Purchase of investment property | - | (2,807) |
| Proceeds from disposals of property, plant and equipment | 59 | 422 |
| (Placement)/Withdrawal of fixed deposits pledged | (3,681) | 5,557 |
| Net cash (used in)/from investing activities | (5,366) | 2,511 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (7,997) | (547) |
| Proceeds from issuance of share from private placement | 26,294 | - |
| Proceeds from issuance of share from exercise of warrants | 66 | - |
| Share issue expenses | (576) | - |
| Repurchase of shares | - | (47) |
| Repayments to hire purchase creditors | (3,832) | (7,362) |
| Drawdowns of term loans | - | 48,180 |
| Repayments of term loans | (115,028) | (11,476) |
| Repayments of revolving credits | (1,557) | (11,188) |
| Net cash (used in)/from financing activities | (102,630) | 17,560 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (44,747) | 19,317 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | (38,384) | (64,810) |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | (83,131) | (45,493) |

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

| | As at 30 Sept 2017 RM'000 | As at 30 Sept 2016 RM'000 |
|---|---------------------------------|---------------------------------|
| Cash and bank balances | 4,086 | 5,834 |
| Fixed deposits with licensed banks | 33,265 | 30,148 |
| Short term funds | 10,060 | 896 |
| Less : Bank overdrafts included in borrowings | (47,411) | (36,878) |
| Fixed deposits pledged | (33,265) | (30,148) |
| Total cash and cash equivalents | (83,131) | (45,493) |

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.

GABUNGAN AQRS BERHAD

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(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the 3rd Quarter ended 30 September 2017

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.

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 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.

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A2. Changes in Accounting Policies (Cont'd)

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

During the current quarter, the Company increased its issued and paid up ordinary share capital by way of:

- (a) issuance of 19,561,000 ordinary shares of RM1.33 each pursuant to the acquisition of the entire ordinary equity interest in Monolight IBS Building System Sdn Bhd;
- (b) issuance of 19,477,400 ordinary shares of RM1.35 each pursuant to the Private Placement; and
- (c) issuance of 50,700 ordinary shares of RM1.30 each pursuant to the exercise of warrants.

Save for the above, there was no issuance, cancellations, repurchases, resale and repayments of debt and equity securities 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.

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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.

| 9 months ended 30 September 2017 | Construction RM'000 | Property Development RM'000 | Other RM'000 | Total RM'000 |
|--|------------------------|-----------------------------------|-----------------|------------------|
| Segment Revenue | | | | |
| Total revenue | 215,522 | 99,167 | 13,501 | 328,190 |
| Inter segment revenue | (3,978) | - | (4,985) | (8,963) |
| Revenue from external customers | 211,544 | 99,167 | 8,516 | 319,227 |
| Interest income | 409 | 286 | 79 | 774 |
| Finance cost | (2,742) | (4,189) | (3,348) | (10,279) |
| Net finance expense | (2,333) | (3,903) | (3,269) | (9,505) |
| Segment profit before taxation | 46,193 | 3,951 | 1,670 | 51,814 |
| Share of loss of an associate, net of tax | (78) | - | - | (78) |
| Share of profit of a joint venture, net of tax | - | - | 13 | 13 |
| Taxation | (12,819) | (4,220) | (197) | (17,236) |
| Other material non-cash item: | | | | |
| - Depreciation | (7,965) | (311) | (3,383) | (11,659) |
| Additions to non-current assets other than financial instruments and deferred tax assets | 2,004 | 10 | 8 | 2,022 |
| Segment assets | 790,450 | 571,649 | 351,750 | 1,713,849 |
| Segment liabilities | 562,949 | 544,319 | 80,081 | 1,187,349 |

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Quarterly Unaudited Results of the Group for the 3rd Quarter ended 30 September 2017

A9. Segmental Information (Cont'd)

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

| 9 months ended 30 September 2016 | Construction RM'000 | Property Development RM'000 | Other RM'000 | Total RM'000 |
|--|------------------------|-----------------------------------|-----------------|------------------|
| Segment Revenue | | | | |
| Total revenue | 162,493 | 92,914 | 9,402 | 264,809 |
| Inter segment revenue | (16,932) | - | (3,885) | (20,817) |
| Revenue from external customers | 145,561 | 92,914 | 5,517 | 243,992 |
| Interest income | 460 | 156 | 42 | 658 |
| Finance cost | (3,188) | (3,887) | (3,740) | (10,815) |
| Net finance expense | (2,728) | (3,731) | (3,698) | (10,157) |
| Segment profit before taxation | 6,108 | 23,086 | 1,612 | 30,806 |
| Share of loss of an associate, net of tax | (65) | - | - | (65) |
| Share of loss of a joint venture, net of tax | - | - | (5) | (5) |
| Taxation | (968) | (6,358) | (1,414) | (8,740) |
| Other material non-cash item: | | | | |
| - Depreciation | (8,448) | (400) | (2,343) | (11,191) |
| Additions to non-current assets other than financial instruments and deferred tax assets | 407 | 254 | 2,807 | 3,468 |
| Segment assets | 619,173 | 623,544 | 347,216 | 1,589,933 |
| Segment liabilities | 436,340 | 589,257 | 130,612 | 1,156,209 |

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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 Sept 17 RM'000 | As at 30 Sept 16 RM'000 |
|---|-------------------------------|-------------------------------|
| Revenue | | |
| Total revenue for reportable segments | 328,190 | 264,809 |
| Elimination of inter-segmental revenues | <u>(8,963)</u> | <u>(20,817)</u> |
| Revenue of the Group per consolidated statement of profit or loss and other comprehensive income | <u>319,227</u> | <u>243,992</u> |
| Profit for the financial period | | |
| Total profit for reportable segments | 51,814 | 30,806 |
| Share of loss of an associate, net of tax | (78) | (65) |
| Share of profit/(loss) of a joint venture, net of tax | 13 | (5) |
| Elimination of consolidation adjustments | <u>(748)</u> | <u>(596)</u> |
| Profit before tax | 51,001 | 30,140 |
| Tax expense | <u>(17,236)</u> | <u>(8,740)</u> |
| Profit for the financial period of the Group per consolidated statement of profit or loss and other comprehensive income | <u>33,765</u> | <u>21,400</u> |
| Assets | | |
| Total assets for reportable segments | 1,713,849 | 1,589,933 |
| Elimination of investment in subsidiaries and consolidation adjustments | (91,953) | (92,330) |
| Elimination on inter-segment balances | <u>(574,105)</u> | <u>(555,790)</u> |
| Total assets of the Group per consolidated statement of financial position | <u>1,047,791</u> | <u>941,813</u> |
| Liabilities | | |
| Total liabilities for reportable segments | 1,187,349 | 1,156,209 |
| Elimination of consolidation adjustments | (4,764) | 1,794 |
| Elimination on inter-segment balances | <u>(570,766)</u> | <u>(559,975)</u> |
| Total liabilities of the Group per consolidated statement of financial position | <u>611,819</u> | <u>598,028</u> |

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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

Further to the Company's announcement dated 30 June 2017, the Company proposed to acquire the entire ordinary equity interest in Monolight IBS Building System Sdn Bhd for a total consideration of approximately RM26 million. The acquisition was completed on 2 August 2017 following the issuance of 19,561,000 Consideration Shares as the full settlement of the Purchase Consideration.

Save for the above, there were no changes to the composition of the Group for the current quarter.

A14. Capital Commitment

| | As at 30 Sept 17 RM'000 | As at 31 Dec 16 RM'000 |
|--|-------------------------------|------------------------------|
| Contracted but not provided for: - Freehold land held under development | <u>46,750</u> | <u>54,250</u> |

A15. Contingent Liabilities

| | As at 30 Sept 17 RM'000 | As at 31 Dec 16 RM'000 |
|---|-------------------------------|------------------------------|
| Bank guarantees given by financial institutions in respect of construction and property projects | <u>126,507</u> | <u>97,995</u> |

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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****Transformation On Track**

| | Individual Period (3 rd Quarter) | | Changes (%) | Cumulative Period | | Changes (%) |
|--------------------------|--|---|--------------------|-----------------------------|--|--------------------|
| | Current Year Quarter | Preceding Year Corresponding Quarter | | Current Year To- date | Preceding Year Corresponding Period | |
| | 30/09/2017 | 30/09/2016 | | 30/09/2017 | 30/09/2016 | |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Revenue | 80,453 | 69,009 | 16.58 | 319,227 | 243,992 | 30.83 |
| Profit Before Tax | 14,962 | 8,247 | 81.42 | 51,001 | 30,140 | 69.21 |
| Profit After Taxation | 8,639 | 4,255 | 103.03 | 32,765 | 21,400 | 53.11 |

During the current quarter the Group recorded revenue of RM80.45 million, 16.58% higher than the preceding year corresponding quarter of RM69.01 million. The Group's profit after taxation increased by 103.03%, to RM8.64 million as compared RM4.26 million in the preceding year corresponding quarter.

The Group is anticipating for a complete dilution of its interest in Prestige Field Development Sdn Bhd and Estet Etos Sdn Bhd (both a 49% owned subsidiaries) by the end of the year. This dilution of interest is anticipated to bring positive outcome to the Group as the Group no longer need to share the losses sustained in both the mentioned subsidiaries.

Construction segment:

This segment reported a higher revenue of RM72.30 million in 3Q2017 compared to RM61.39 million in 3Q2016 (before eliminating inter-segment sales). Pre-tax profit for the current quarter increased (157.4%) to RM21.50 million in from RM8.33 million in 3Q2016.

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

Property development segment:

The challenging economic environment and weakened sentiments towards the property market, has affected our property development segment to report a pre-tax loss of RM6.34 million compared to a loss of RM1.42 million in 3Q2016.

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Quarterly Unaudited Results of the Group for the 3rd Quarter ended 30 September 2017

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

| | Current Quarter | Immediate Preceding Quarter | Changes (%) |
|-------------------------------|-----------------|-----------------------------|-------------|
| | 30/09/2017 | 30/06/2017 | |
| | RM'000 | RM'000 | |
| Revenue | 80,453 | 79,834 | 0.77 |
| Profit Before Tax | 14,962 | 10,187 | 46.87 |
| Profit After Taxation ('PAT') | 8,639 | 6,605 | 30.79 |

The Group's revenue for the current quarter of RM80.45 million is 0.77% higher than its revenue for the immediate preceding quarter of RM79.83 million. During the current quarter, the Group's recorded profit after taxation of RM8.64 million, 30.79% higher than the immediate preceding quarter of RM6.61 million.

Included in the trade and other receivables is an amount of RM32.38 million due from the sale of the 7.977 acre land situated in Kinrara Uptown which is on track to be received by end of quarter 4, 2017.

In line with the Group's monetization exercise to reduce its gearing ratio, an improvement was recorded to the Group's PAT as a result of the reduction in finance cost due to gradual repayment of loans. Moving forward, finance cost will continue to reduce in the subsequent quarters.

| | FYE 2015 | FYE 2016 | Q3 2017 |
|------------------------|----------|----------|---------|
| | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | 43,203 | 32,932 | 47,411 |
| Gearing (Times) | | | |
| - Gross | 0.91 | 0.77 | 0.47 |
| - Net | 0.78 | 0.67 | 0.36 |

B3. Prospects

The Group has an outstanding construction order book of RM2.58 billion as at 16 November 2017, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report.

The outlook for the construction industry is robustly driven by various government infrastructure initiatives. The Board is optimistic that its construction segment continues to be promising with replenishment of order book prospects.

(a) Construction Division

Gabungan Strategik Sdn Bhd, a wholly-owned subsidiary company of the Group was awarded a RM1.14 billion contract on 5 October 2017 from Prasarana Malaysia Berhad to undertake and complete the "Construction and Completion of Guideway, Stations, Park and Ride, Ancillary Buildings and Other Associated Works for Package GS04 for Construction and Completion of Light Rail Transit Line 3 (LRT 3) from Bandar Utama to Johan Setia.

To date for the financial year period up to Q3, 2017, the Group has secured a total of RM1.14 billion worth of contract. The Group targets to achieve 1.4 billion worth of contracts by the end of the financial year ended 31/12/2017.

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B3. Prospects (Cont'd)

(a) Construction Division (cont'd)

The Group has a strong relationship with Tanah Makmur Kota SAS Sdn Bhd which is currently the master developer of Kota SAS, a new township which will hosts the new state administrative center for Pahang ("PPSAS"). The proposed East Coast Rail Line ("ECRL") will run east through the state of Pahang and serving the towns of Bentong, Mentakab, Maran and Gambang, Kota SAS before reaching the state capital, Kuantan. The Group is presently having two construction projects in Pahang; PPSAS and PR1MA Gambang. Therefore, the Group is focusing its efforts to secure a portion of the civil and structure works of the ECRL. The Group will leverage on both its relationship with Kota SAS and its position as a reputable construction player to further enhance its construction opportunities in Pahang.

On another note, the Group's Joint Venture with Suria Capital Berhad since March 2015 has been pre-qualified for Pan Borneo Highway (Sabah Portion). Our associate company, SEDCO Precast, has todate, started receiving order to supply to Pan-Borneo Highway (PBH) and has started casting for the precast products for the project.

Under the 2018 Budget 4th Thrust of Driving Inclusive Development concept, the government has committed to building a 2,000 km highway spanning Sabah and Sarawak that reaches out to the rural stretches to ensure people-centric infrastructure development connectivity is met. With this and further to the 6th package recently launched in relation to the PBH, up to 35 packages will be awarded in due course for the entire PBH project. With the upcoming packages to be awarded soon, SEDCO Precast currently operates on an ample land area of 18 acres that will be able to cater to the high demand for these work package contractors for the supply of its quality IBS and pre-cast concrete products during the tenure of the construction of PBH.

(b) Property Development Division

The Group's property development projects currently have unbilled sales of sold units amounting to approximately RM145.80 million and unbilled sales in relation to unsold units amounting to approximately RM580.40 million.

THE PEAK project is strategically located at the centric of the "Greater Iskandar", right at the intersection of EDL and Tebrau Highway which is also the main route of BRT system with proposed BRT Station right in front of the development.

The newly-launched Bus Rapid Transit (BRT) system will serve as the backbone of the public transportation infrastructure in Iskandar Malaysia and will be ready by 2021. Upon completion, the BRT system will be linking to the JB Rail Transit System (RTS) which will be ready by 2024, the High Speed Rail (HSR) which will be ready 2025, CIQ and the newly proposed Bukit Chagar Singapore MRT Station. The convergence of BRT, RTS, Singapore MRT and HSR creates a seamless connectivity between THE PEAK to Singapore for daily commuters for Johorians that work in Singapore.

As announced in Budget 2018, EDL will become toll free starting 1 Jan 2018 which will save motorist RM16.50 daily (TheSundaily). The toll free EDL provides commuters another option to travel to Singapore

With the radical transportation initiatives launched for the Johor State, take up rate for THE PEAK condominium units is expected to improve in tandem over the year of 2018 to 2020 with the benefit of the implementation of the transportation system connecting Singapore.

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B3. Prospects (Cont'd)

The Group's monetization programme through disposal of its selected land bank, aimed to improve the Group's working capital position and to repay bank borrowings, has significantly reduced its finance cost and lowered its total borrowings. From 1Q18 onwards, the Group targets to achieve a net gearing ratio of 0.4.

The balance Construction Order Book will enable the Group to sustain a healthy earnings track going forward the next few years. The Group is optimistic of its prospects of Construction Order Book replenishment given the pipeline of potential new contracts.

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 9 months ended | |
|---|-----------------------------------|----------------------|--------------------------------------|----------------------|
| | 30 Sept 17 RM'000 | 30 Sept 16 RM'000 | 30 Sept 17 RM'000 | 30 Sept 16 RM'000 |
| Interest income | 344 | 118 | 774 | 658 |
| Other income | 325 | 4,507 | 771 | 6,151 |
| Interest expense (excluding interest capitalised) | (3,029) | (3,263) | (10,279) | (10,815) |
| Depreciation and amortisation | (3,888) | (5,052) | (11,659) | (11,191) |
| Provision for and write off of receivables | * | * | * | * |
| Provision for and write off of inventories | * | * | * | * |
| Property, plant and equipment written off | (73) | (2) | (1,990) | (3) |
| Gain on disposal of property, plant and equipment | - | 114 | 40 | 282 |
| 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.

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B6. Taxation

| | Current Quarter 3 months ended | | Cumulative Quarter 9 months ended | |
|-------------------|-----------------------------------|--------------|--------------------------------------|--------------|
| | 30 Sept 17 | 30 Sept 16 | 30 Sept 17 | 30 Sept 16 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current taxation | | | | |
| - Current year | 6,577 | 2,319 | 17,490 | 8,883 |
| - Previous year | (254) | - | (254) | (1,237) |
| | <u>6,323</u> | <u>2,319</u> | <u>17,236</u> | <u>7,646</u> |
| Deferred taxation | | | | |
| - Current year | - | 994 | - | 534 |
| - Prior years | - | 679 | - | 560 |
| | <u>-</u> | <u>1,673</u> | <u>-</u> | <u>1,094</u> |
| | <u>6,323</u> | <u>3,992</u> | <u>17,236</u> | <u>8,740</u> |

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 are no corporate proposals announced by the Company but not completed as at 16 November 2017, being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim financial report.

Status of Utilisation of Private Placement Proceeds

Pursuant to the Private Placement Exercise which was duly completed upon the subscription and listing of the 19,477,400 Placement Shares at RM1.35 each on the Main Market of Bursa Malaysia Securities Berhad with effect from 2 August 2017, the gross proceeds raised from the Private Placement Exercise was RM26,294,490 and the current utilisation status as at 16 November 2017 is as set out below:-

| Purpose | Proposed utilisation RM'000 | Actual utilisation RM'000 | Intended timeframe for utilisation | Deviation amount | | Explanations |
|---|--------------------------------|------------------------------|---------------------------------------|------------------|-----|--|
| | | | | Amount RM'000 | % | |
| i. Working capital | 25,594 | 25,594 | Within 6 months | - | - | |
| ii. Defrayment of estimated expenses related to Proposals | 700 | 738 | Upon completion | (38) | 5.4 | <i>Under-estimation of professional cost</i> |
| Total | 26,294 | 26,332 | | (38) | | |

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B8. Group Borrowings and Debt Securities

| | Long term RM'000 | Short term RM'000 | Total borrowings RM'000 |
|--------------------|---------------------|----------------------|-------------------------------|
| Secured | | | |
| - Term loan | 32,736 | 67,377 | 100,113 |
| - Hire purchase | 437 | 1,217 | 1,654 |
| - Revolving credit | - | 4,500 | 4,500 |
| - Bank overdrafts | - | 97,277 | 97,277 |
| | <u>33,173</u> | <u>170,371</u> | <u>203,544</u> |

As at 30 Sept 2016

| | Long term RM'000 | Short term RM'000 | Total borrowings RM'000 |
|--------------------|---------------------|----------------------|-------------------------------|
| Secured | | | |
| - Term loan | 96,381 | 127,639 | 224,020 |
| - Hire purchase | 1,421 | 7,912 | 9,333 |
| - Revolving credit | - | 6,381 | 6,381 |
| - Bank overdrafts | - | 52,223 | 52,223 |
| | <u>97,802</u> | <u>194,155</u> | <u>291,957</u> |

B9. Material Litigation

The Group does not have any material litigation which would materially and adversely affect the financial position of the Group as at the date of this report.

B10. Dividend

The Board of Directors has approved and declared a special dividend of 1.50 sen per ordinary share and an interim dividend of 0.5 sen per ordinary share, tax exempt under single-tier tax system amounting to RM8.82 million in respect of the financial year ending 31 December 2017, payable on 21 December 2017.

B11. Status of Memorandum of Understanding announced

On 20 July 2017, the Company announced that it had entered into a Memorandum of Understanding ("MOU") with Tera Capital with intention to co-operate together to invest, construct, develop and operate a mixed integrated property development comprising of a hotel, serviced suites, residential apartments, retail shopping mall, office tower and ancillary services and facilities on 6.284 acres (Town Lease 017561974) One Jesselton Waterfront, Kota Kinabalu, Sabah, East Malaysia.

The Company and Tera Capital had on 18 October 2017, mutually agreed to an extension of the existing MOU for a further 3 months until 17 January 2018. The MOU remains status quo as at the latest practicable date of this report.

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B12. 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 9 months ended | |
|--|-----------------------------------|----------------------|--------------------------------------|----------------------|
| | 30 Sept 17 RM'000 | 30 Sept 16 RM'000 | 30 Sept 17 RM'000 | 30 Sept 16 RM'000 |
| Profit attributable to equity holders of the Company (RM'000) | 9,434 | 5,157 | 32,805 | 15,181 |
| Weighted average number of ordinary shares ('000) | 406,655 | 390,455 | 406,655 | 390,455 |
| Basic earnings per share (sen) | 2.32 | 1.32 | 8.07 | 3.89 |

(b) Diluted

Diluted earnings per share is calculated by dividing the profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year after adjustment for the effects of dilutive potential ordinary shares, calculated as follows:

| | Current Quarter 3 months ended | | Cumulative Quarter 9 months ended | |
|--|-----------------------------------|----------------------|--------------------------------------|----------------------|
| | 30 Sept 17 RM'000 | 30 Sept 16 RM'000 | 30 Sept 17 RM'000 | 30 Sept 16 RM'000 |
| Profit attributable to equity holders of the Company (RM'000) | 9,434 | 5,157 | 32,805 | 15,181 |
| Weighted average number of ordinary shares ('000) | 566,588 | 390,455 | 566,588 | 390,455 |
| Diluted earnings per share (sen) | 1.67 | 1.32 | 5.79 | 3.89 |

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B13. Realised and Unrealised Retained Profits

| | As at 30 Sept 17 RM'000 | As at 31 Dec 16 RM'000 |
|---|-------------------------------|------------------------------|
| Total retained earnings of the Company and its subsidiaries : | | |
| - Realised | 278,597 | 244,497 |
| - Unrealised | <u>(1,622)</u> | <u>(1,622)</u> |
| | 276,975 | 242,875 |
| Total share of retained earnings from an associate: | | |
| - Realised | 126 | 204 |
| Total share of accumulated losses from a joint venture: | | |
| - Realised | <u>(17)</u> | <u>(30)</u> |
| | 277,084 | 243,049 |
| Less : Consolidation adjustments | <u>(83,530)</u> | <u>(82,083)</u> |
| Total retained earnings | <u>193,554</u> | <u>160,966</u> |

B14. Authorisation for Issue

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