

**GABUNGAN AQRS BERHAD**

(Company No: 912527 - A)

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 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 mandatory for annual financial periods beginning on or after 1 January 2017.

**1 January 2017**

Amendments to FRS 12	Annual Improvements to FRS Standards 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 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.

**GABUNGAN AQRS BERHAD****(Company No: 912527 - A)****(Incorporated in Malaysia)****Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017****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 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**

During the current quarter, the Company increased its issued and paid up ordinary share capital by way of issuance of 21,467,425 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**

On 21 December 2017, the Company paid 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 RM8.876 million in respect of the financial year ending 31 December 2017.

**GABUNGAN AQRS BERHAD**  
**(Company No: 912527 - A)**  
**(Incorporated in Malaysia)**  
**Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017**

**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 2017	Construction RM'000	Property Development RM'000	Other RM'000	Total RM'000
<b>Segment Revenue</b>				
Total revenue	374,210	92,401	18,577	485,188
Inter segment revenue	(8,549)	-	(7,203)	(15,752)
Revenue from external customers	365,661	92,401	11,374	469,436
Interest income	548	2,207	270	3,025
Finance cost	(3,759)	(4,104)	(4,015)	(11,878)
Net finance expense	(3,211)	(1,897)	(3,745)	(8,853)
<b>Segment profit/(loss) before taxation</b>	<b>115,370</b>	<b>(27,226)</b>	<b>1,913</b>	<b>90,057</b>
Share of loss of an associate, net of tax	(17)	-	-	(17)
Share of profit of a joint venture, net of tax	-	-	153	153
Taxation	(28,982)	(3,394)	(668)	(33,044)
Other material non-cash item:				
- Depreciation	(10,559)	(386)	(4,517)	(15,462)
Investment in an associate	3,509	-	-	3,509
Investment in a joint venture	-	-	378	378
Additions to non-current assets other than financial instruments and deferred tax assets	1,806	10	269	2,085
<b>Segment assets</b>	<b>855,537</b>	<b>558,815</b>	<b>373,927</b>	<b>1,788,279</b>
<b>Segment liabilities</b>	<b>567,267</b>	<b>561,837</b>	<b>84,050</b>	<b>1,213,154</b>

**GABUNGAN AQRS BERHAD**

(Company No: 912527 - A)

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 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:

12 months ended 31 December 2016	Construction RM'000	Property Development RM'000	Other RM'000	Total RM'000
<b>Segment Revenue</b>				
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)
<b>Segment profit before taxation</b>	<b>23,742</b>	<b>17,434</b>	<b>2,356</b>	<b>43,532</b>
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)
Investment in an associate	3,526	-	-	3,526
Investment in a joint venture	-	-	225	225
Additions to non-current assets other than financial instruments and deferred tax assets	619	654	2,242	3,515
<b>Segment assets</b>	<b>645,306</b>	<b>611,474</b>	<b>389,872</b>	<b>1,646,652</b>
<b>Segment liabilities</b>	<b>451,372</b>	<b>586,497</b>	<b>168,868</b>	<b>1,206,737</b>

**GABUNGAN AQRS BERHAD**  
**(Company No: 912527 - A)**  
**(Incorporated in Malaysia)**  
**Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017**

**A9. Segmental Information (Cont'd)**

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

	<b>As at 31 Dec 17 RM'000</b>	<b>As at 31 Dec 16 RM'000</b>
<b>Revenue</b>		
Total revenue for reportable segments	485,188	350,430
Elimination of inter-segmental revenues	(15,752)	(20,372)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	<u>469,436</u>	<u>330,058</u>
<b>Profit for the financial period</b>		
Total profit for reportable segments	90,057	43,532
Share of loss of an associate, net of tax	(17)	(77)
Share of profit/(loss) of a joint venture, net of tax	153	(19)
Elimination of consolidation adjustments	(7,579)	213
Profit before tax	82,614	43,649
Tax expense	(33,044)	(15,366)
Profit for the financial period of the Group per consolidated statement of profit or loss and other comprehensive income	<u>49,570</u>	<u>28,283</u>
	<b>As at 31 Dec 17 RM'000</b>	<b>As at 31 Dec 16 RM'000</b>
<b>Assets</b>		
Total assets for reportable segments	1,788,279	1,646,652
Elimination of investment in subsidiaries and consolidation adjustments	(99,055)	(97,963)
Elimination on inter-segment balances	(564,073)	(571,666)
Total assets of the Group per consolidated statement of financial position	<u>1,125,151</u>	<u>977,023</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	1,213,154	1,206,737
Elimination of consolidation adjustments	(5,466)	(8,673)
Elimination on inter-segment balances	(553,922)	(571,665)
Total liabilities of the Group per consolidated statement of financial position	<u>653,766</u>	<u>626,399</u>

**GABUNGAN AQRS BERHAD**  
 (Company No: 912527 - A)  
 (Incorporated in Malaysia)  
 Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017

**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 17 RM'000	As at 31 Dec 16 RM'000
Contracted but not provided for:		
- Freehold land held under development	<u>43,750</u>	<u>54,250</u>

**A15. Contingent Liabilities**

	As at 31 Dec 17 RM'000	As at 31 Dec 16 RM'000
Bank guarantees given by financial institutions in respect of construction and property projects	<u>180,726</u>	<u>97,995</u>

**GABUNGAN AQRS BERHAD**

(Company No: 912527 - A)

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017

**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 To Complete**

	Individual Period (4 <sup>th</sup> Quarter)		Changes  (%)	Cumulative Period		Changes  (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	31/12/2017	31/12/2016		31/12/2017	31/12/2016	
	RM'000	RM'000		RM'000	RM'000	
Revenue	150,209	86,066	74.53	469,436	330,058	42.23
Profit Before Tax	31,613	13,509	134.01	82,614	43,649	89.27
Profit After Taxation	15,805	6,883	129.62	49,570	28,283	75.26

During the current quarter, the Group recorded revenue of RM150.21 million, a 74.52% increase compared to the previous corresponding quarter of RM86.07 million.

Meanwhile, our profit after taxation grew by 129.62% to RM15.81 million or 3.72 sen per share in the fourth quarter ended 31 December 2017 compared to RM6.88 million or 1.91 sen in the same quarter last year.

The increase in revenue and net profit were mainly due to the higher work progress from the Group's various construction projects.

**Current Year to Date**

The Group recorded revenue of RM469.44 million, a 42.21% increase compared to the previous corresponding quarter of RM330.1 million. Key driver to the revenue growth was the construction division.

Our profit after taxation grew by 75.28% to RM49.57 million or 11.74 sen per share in 2017 compared to RM28.28 million or 5.8 sen in 2016.

Construction segment:

The Group's construction division reported a higher revenue of RM154.12 million in 4Q17 compared to RM73.99 million in 4Q16. Revenue for the current quarter was mainly contributed from the work progress for the Sungai Besi – Ulu Kelang (SUKE) Highway, Pusat Pentadbiran Sultan Ahmad Shah (PPSAS) and Light Rail Transit 3 (LRT3) projects. During the quarter, the Group also recognized a RM47.08 million variation order for its already-completed Klang Valley Mass Rapid Transit 1 (MRT1) project.

In terms of pre-tax profit, the division contributed about RM69.18 million, a 292.40% increase compared to the previous corresponding quarter of RM17.63 million in 4Q16. PBT margins from the division also improved to 44.89% from 23.83% in the previous corresponding quarter due to progressive stages of construction.

## **GABUNGAN AQRS BERHAD**

**(Company No: 912527 - A)**

**(Incorporated in Malaysia)**

**Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017**

### **B1. Review of Performance (con't)**

#### Property development segment:

The decrease in revenue is due to the lower number of property development projects that the Group undertook in 2017. Consequent to the decrease in revenue, the division reported a loss before tax of RM31.2 million in 4Q17 compared to a loss before tax of RM5.7 million in the previous corresponding quarter.

During the quarter, the group recognised a one-off reversal of the fair value gain and property development cost written off amounting to RM17.53 million for its land sale recognised in 1Q17.

The disposal of the aforesaid parcel of land was part of the Group's monetisation programme and the sales proceeds arising from the disposal which was received in Q32017 reduced the Group's borrowing by RM30.6 million which met the objective of the monetisation initiative.

The Group is currently in the midst of completing an ongoing project in Johor Bahru. The development, dubbed "The Peak" is expected to be completed by second half of 2018. As at 31 December 2017, the development has achieved a take-up rate of about 30%. However, the Group plans to restart its marketing efforts closer to the completion of the development as it believes demand for properties in Johor Bahru would start to pick-up post the recent signing of bilateral agreement between Malaysia and Singapore for the development of the Johor Bahru – Singapore Rapid Transit System (RTS).

We anticipate a positive property market outlook for Johor Market 2018 onwards. One of the significant catalyst that will spur up the market is the bilateral agreement between Malaysia and Singapore for the construction of Johor Bahru-Singapore Rapid Transit System (RTS) which was signed in Jan 2018. Upon completion in 2024, the RTS will provide seamless public transportation from Johor Bahru Bukit Chagar Station to Singapore Woodlands North Station with capacity of 10,000 passengers each direction every hour. To complement the RTS, BRT system with station right in front of The Peak development will connect The Peak to RTS Bukit Chagar Station with estimated travelling time of 15 minutes only, providing Peak residents hustle free integrated public transportation to Singapore. The BRT which is scheduled to complete in 2021 will also connects to HSR station with estimated travelling time of 25 minutes from The Peak. Apart from that, Eastern Dispersal Link (EDL) which is in front of The Peak and connects to JB City Center and RTS is already toll free effective 1 Jan 2018, saving the average motorist RM16.50 per roundtrip. With the seamless public transportation systems (BRT, RTS and HSR) integration in place and major highways within door steps, The Peak which is strategically located will be a well sought after property.

Kota Kinabalu is increasingly gaining popularity to be a destination in Asia region. Tourists arrival has increased from 2.87 million in 2012 to 3.68 million in 2017. According to UKAS projection, tourists arrival to Kota Kinabalu is expected to hit 9 million by year 2020. With the government initiatives on Highway National Development Plan (HNDP2), implementation of Pan Borneo Highway and other infrastructures in the pipeline, Kota Kinabalu as the capital of Sabah is becoming more important as a hub for East Malaysia and Asia region. One Jesselton Waterfront at Jesselton Waterfront City, accredited as Tourism Oriented Development (TOD) and Transport Oriented Development (TOD) is a destination within a destination. One Jesselton Waterfront is sandwiched between JP Ferry Terminal and International Cruise Terminal, with proposed BRT station 400 meter away and Sabah International Convention Center (SICC) 800 meter away, it is strategically located at the epicenter of Jesselton Waterfront City and the jewel of the crown.

We are targeting to finalise Mall SPV and Hotel & Serviced Suites SPV with strategic partners by June 2018. Target physical construction works to commence in 4Q18.

**GABUNGAN AQRS BERHAD**

(Company No: 912527 - A)

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 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 (%)
	31/12/2017	30/09/2017	
	RM'000	RM'000	
Revenue	150,209	80,453	86.70
Profit Before Tax	31,613	14,962	111.29
Profit After Taxation ('PAT')	15,805	8,639	82.95

The Group's revenue for the current quarter of RM150.21 million is 86.70% higher than its revenue for the immediate preceding quarter of RM80.45 million. During the current quarter, the Group recorded a PAT of RM15.81 million, 82.95% higher than the immediate preceding quarter of RM8.64 million.

The increase in revenue is due to the higher progress for its ongoing construction jobs coupled with a variation order recognition amounting to RM47.08 million for its already completed Klang Valley Mass Rapid Transit 1 (MRT1) project.

The Group transformation process focusses to reduce borrowing. As a result our net gearing ratio has successfully reduced to 0.11x, compared to 0.67x in 4Q16. The Group's cash balance has also taken a huge increase by 3.15 times to RM136.55 million from 4Q16 of RM32.93 million, mainly driven by net cash proceeds of RM78 million from MRT Corp for the variation order mentioned above.

	FYE 2015	FYE 2016	FYE 2017
	RM'000	RM'000	RM'000
Cash and bank balances	43,203	32,932	136,548
Gearing (Times)			
- Gross	0.91	0.77	0.40
- Net	0.78	0.67	0.11

**B3. Prospects**

The Group anticipates a better performance next year as the construction progress for its ongoing construction jobs picks up pace. We also expect a turnaround in the property development division as we plan to increase our marketing efforts for The Peak and also begin launching our One Jesselton Waterfront development in Kota Kinabalu, Sabah.

Looking ahead, The Group envisions increasing its construction order book by a further RM1.5 billion by first half of the Financial Year 2018 which will continue to positively contribute to the Group's revenue and profit sustainability up to year 2021.

## (a) Construction division

The outlook for the construction industry is robustly driven by various government infrastructure initiatives. The Board is optimistic that construction order book growth for division to be promising.

## **GABUNGAN AQRS BERHAD**

**(Company No: 912527 - A)**

**(Incorporated in Malaysia)**

**Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017**

### **B3. Prospects (con't)**

#### **(a) Construction division (con't)**

As at 31 December 2017, The Group's construction order book stood at RM2.9 billion, representing a RM1.18 billion rise compared to the previous corresponding year, which would easily sustain our earnings momentum till the year 2020 or the next eleven quarters. During the Financial Year 2017, The Group managed to clinch in several new jobs, including its largest contract to-date worth RM1.13 billion which involves the construction of guideways, stations, park and ride facilities for the Light Rail Transit 3 (LRT3) project and a RM189 million contract to build 1,004 homes in KotaSAS, Kuantan. Looking ahead, The Group targets to secure more infrastructure related jobs. These include the the East Coast Rail Line, the Pan Borneo Highway in Sabah (which we have prequalified for) and building related works in Kota SAS.

The Group is optimistic on its chances to secure a portion of the civil and structure works in relation to the East Coast Rail Line (ECRL), given its active presence and cordial relationship with the state Government of Pahang. Its strong presence in Pahang is evidenced by its to-date of over RM974 million worth of Pahang-State related infrastructure and building jobs secured.

With our strong presence in Sabah, The Group is optimistic that it could secure part of the construction work packages for the Pan Borneo Highway Sabah. Due to our strong working relationship, we have partnered with one of Sabah State's company, Suria Capital Holdings to jointly bid for construction contracts for the Pan Borneo Highway Sabah. As announced by the Borneo Highway Project Delivery Partner Sdn Bhd (BHP), Phase 1 of the Pan Borneo Highway Sabah would stretch 706 km and costs RM12.86 billion. The Highway is scheduled to be fully completed by the end of 2021.

We also look forward to secure more construction jobs in Kota SAS. Presently, we are undertaking two key jobs in Kota SAS which are: a) the construction of the new Pahang State Assembly Complex (PPSAS) and b) a contract to design and build 1,004 units of landed homes together with its infrastructure. Going forward, we continue to be optimistic to secure more infrastructure and building jobs in Kota SAS, which are mostly government related buildings.

Aside from gunning the construction jobs for the Pan Borneo Highway Sabah, The Group is also poised to secure significant orders for pre-cast components for the Pan Borneo Highway Sabah through its 49%-owned associate company, SEDCO Precast. Given the fact that the remaining 51% stake in SEDCO Precast is owned by the Sabah Economic Development Corporation, we are optimistic on our chances to secure orders for pre-cast components for the Sabah highway. We estimate that RM2 billion worth of pre-cast components are required for the highway.

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

Our property development division would continue to focus on achieving new milestones for our flagship development, One Jesselton Waterfront in Kota Kinabalu as well as to complete our Johor Bahru development, The Peak. As at 31 December 2017, our unbilled sales of sold units amounts to approximately RM139.5 million, while our unsold inventory stood at RM475.3 million.

The One Jesselton Waterfront is expected to generate RM1.8 billion in Gross Development Value for The Group. In addition, our construction and pre-cast concrete manufacturing arm would also benefit given the RM900 million in construction works is required to complete the development. We also expect positive forthcoming developments from our future partner, Tera Capital.

**GABUNGAN AQRS BERHAD****(Company No: 912527 - A)****(Incorporated in Malaysia)****Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017****B3. Prospects (con't)**

The Group currently provides accommodation facilities based on a "Base-Camp Concept" that is complete with the necessary facilities for Petronas Chemicals Fertiliser Sabah Sdn Bhd in Sipitang, Sabah. The project was completed and handed over in March 2016, and generates a recurring revenue of RM2.84 million per quarter for the Group.

With the finalisation of the proposed fertiliser producing plant at the Sipitang Oil & Gas Industrial Park (SOGIP) Phase 1 by chemical giant, EuroChem Group and construction and technology firm Maire Tecnimont SpA, the Group could be the potential beneficiary with the opportunity to expand the accommodation facilities for the aforesaid plant.

EuroChem, one of the world leading fertiliser companies is combining strength with Maire Tecnimont SpA of Italy, an international engineering and construction specialist to bring this project to fruition.

Overall, from year 2018 onwards, the Group is poised for significant growth stemming from its key divisions which are construction and property development. We believe our strong presence in both the Pahang and Sabah States will be the key anchor to propel us for further growth.

**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		Cumulative Quarter	
	3 months ended		12 months ended	
	31 Dec 17	31 Dec 16	31 Dec 17	31 Dec 16
	RM'000	RM'000	RM'000	RM'000
Interest income	2,251	356	3,025	1,014
Other income	1,098	2,657	1,868	8,808
Interest expense (excluding interest capitalised)	(1,599)	(4,368)	(11,878)	(15,183)
Depreciation and amortisation	(3,803)	(3,893)	(15,462)	(15,084)
Provision for and write off of receivables	*	*	*	*
Provision for and write off of inventories	*	*	*	*
Property, plant and equipment written off	69	(29)	(1,921)	(32)
Gain on disposal of property, plant and equipment	-	215	40	497
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.

**GABUNGAN AQRS BERHAD**

(Company No: 912527 - A)

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017

**B6. Taxation**

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31 Dec 17 RM'000	31 Dec 16 RM'000	31 Dec 17 RM'000	31 Dec 16 RM'000
Current taxation				
- Current year	17,349	4,923	34,839	13,806
- Previous year	(230)	808	(484)	(429)
	<u>17,119</u>	<u>5,731</u>	<u>34,355</u>	<u>13,377</u>
Deferred taxation				
- Current year	(1,311)	1,019	(1,311)	1,553
- Prior years	-	(124)	-	436
	<u>(1,311)</u>	<u>895</u>	<u>(1,311)</u>	<u>1,989</u>
	<u>15,808</u>	<u>6,626</u>	<u>33,044</u>	<u>15,366</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 1 February 2018, 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 1 February 2018 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>
<b>Total</b>	<b>26,294</b>	<b>26,332</b>		<b>(38)</b>	<b>5.4</b>	

**GABUNGAN AQRS BERHAD**

(Company No: 912527 - A)

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017

**B8. Group Borrowings and Debt Securities**

	As at 31 Dec 2017		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
- Term loan	28,523	38,162	66,685
- Hire purchase	1,069	406	1,475
- Revolving credit	-	4,000	4,000
- Bank overdrafts	-	115,939	115,939
	<u>29,592</u>	<u>158,507</u>	<u>188,099</u>
	As at 31 Dec 2016		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b>Secured</b>			
- Term loan	71,895	143,245	215,140
- Hire purchase	631	4,855	5,486
- Revolving credit	-	6,057	6,057
- Bank overdrafts	-	41,733	41,733
	<u>72,526</u>	<u>195,890</u>	<u>268,416</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 did not recommend any dividend for the quarter ended 31 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 16 January 2018, mutually agreed to an extension of the existing MOU for another further 3 months until 31 May 2018. The MOU remains status quo as at the latest practicable date of this report.

**GABUNGAN AQRS BERHAD**

(Company No: 912527 - A)

(Incorporated in Malaysia)

Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017

**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 12 months ended	
	31 Dec 17 RM'000	31 Dec 16 RM'000	31 Dec 17 RM'000	31 Dec 16 RM'000
Profit attributable to equity holders of the Company (RM'000)	15,234	7,450	48,038	22,632
Weighted average number of ordinary shares ('000)	409,103	390,451	409,103	390,451
<b>Basic earnings per share (sen)</b>	<b>3.72</b>	<b>1.91</b>	<b>11.74</b>	<b>5.80</b>

## (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 12 months ended	
	31 Dec 17 RM'000	31 Dec 16 RM'000	31 Dec 17 RM'000	31 Dec 16 RM'000
Profit attributable to equity holders of the Company (RM'000)	15,234	7,450	48,038	22,632
Weighted average number of ordinary shares ('000)	547,569	390,451	547,569	390,451
<b>Diluted earnings per share (sen)</b>	<b>2.78</b>	<b>1.91</b>	<b>8.77</b>	<b>5.80</b>

**GABUNGAN AQRS BERHAD****(Company No: 912527 - A)****(Incorporated in Malaysia)****Quarterly Unaudited Results of the Group for the 4th Quarter ended 31 December 2017****B13. Realised and Unrealised Retained Profits**

	<b>As at 31 Dec 17 RM'000</b>	<b>As at 31 Dec 16 RM'000</b>
Total retained earnings of the Company and its subsidiaries :		
- Realised	291,138	244,497
- Unrealised	<u>(1,622)</u>	<u>(1,622)</u>
	289,516	242,875
Total share of retained earnings from an associate:		
- Realised	187	204
Total share of accumulated losses from a joint venture:		
- Realised	<u>123</u>	<u>(30)</u>
	289,826	243,049
Less : Consolidation adjustments	<u>(89,915)</u>	<u>(82,083)</u>
Total retained earnings	<u>199,911</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 8 February 2018.