



GABUNGAN AQRs BERHAD  
(912527-A)



ANNUAL REPORT 2012

## A Firm Foundation, *A Promising Future*



Every shoot of a plant belies a promise – of new beginnings, exuberant growth, and a flourishing future.

We believe that Gabungan AQRS Berhad holds that same potential. Therefore we are committed to building a firm foundation today so as to ensure a promising future for the long term.

# CONTENTS

01	Corporate Information	20	Statement on Corporate Governance
02	Corporate Profile	25	Other Disclosures
03	Corporate Structure	26	Audit Committee Report
04	Financial Highlights	29	Statement on Risk Management and Internal Control
05	Calendar of Events	31	Financial Statements
06	Message from the Chairman	98	List of Properties
10	Management Review	99	Statistics of Shareholdings
14	Board of Directors	101	Notice of 3rd Annual General Meeting
15	Directors' Profile		Form of Proxy

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Datuk Kamarudin bin Md. Ali**  
*Independent Non-Executive Director  
and Chairman*

**Ng Chun Kooi**  
*Executive Director and  
Chief Executive Officer*

**Ng Kit Heng**  
*Executive Director*

**Ow Chee Cheoon**  
*Executive Director*

**Dato' Azizan bin Jaafar**  
*Executive Director*

**Badil Zaman bin Fazul Rahman**  
*Executive Director*

**Saaban bin Mohamed Sidik**  
*Executive Director*

**Meriah binti Nasibi**  
*Executive Director*

**Loo Choo Hong**  
*Independent Non-Executive Director*

**Muk Sai Tat**  
*Independent Non-Executive Director*

### AUDIT COMMITTEE

**Loo Choo Hong** (*Chairman*)  
Datuk Kamarudin bin Md. Ali  
Muk Sai Tat

### NOMINATION COMMITTEE

**Muk Sai Tat** (*Chairman*)  
Datuk Kamarudin bin Md. Ali  
Loo Choo Hong

### REMUNERATION COMMITTEE

**Datuk Kamarudin bin Md. Ali**  
(*Chairman*)  
Loo Choo Hong  
Muk Sai Tat  
Ng Chun Kooi  
Ow Chee Cheoon

### COMPANY SECRETARIES

Wong Wai Foong (*MA/CSA 7001358*)  
Wong Peir Chyun (*MA/CSA 7018710*)

### AUDITORS

BDO (AF 0206)  
Chartered Accountants  
12th Floor, Menara Uni.Asia  
1008, Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel : 603 - 2616 2888  
Fax : 603 - 2616 2970

### SHARE REGISTRAR

Equiniti Services Sdn Bhd  
(*formerly known as MIDF  
Consultancy and Corporate  
Services Sendirian Berhad*)  
Level 8, Menara MIDF  
82 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel : 603 - 2166 0933  
Fax : 603 - 2166 0688

### PRINCIPAL BANKERS

Affin Bank Berhad  
United Overseas Bank (Malaysia) Bhd

### REGISTERED OFFICE

Level 18, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel : 603 - 2264 8888  
Fax : 603 - 2282 2733

### PRINCIPAL OFFICE

Lot 33-G, Blok D  
Jalan Teknologi 3/9  
Bistari 'De' Kota  
Kota Damansara, PJU 5  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Tel : 603 - 6141 8181  
Fax : 603 - 6141 8383  
Email : enquiries@gaqrs.com.my  
Website : www.gaqrs.com.my

### FORM OF LEGAL ENTITY

Incorporated in Malaysia on 20  
August 2010 as a private limited  
company. Converted to a public  
limited company on 17 January 2011.

### COMPANY NUMBER

912527-A

### STOCK INFORMATION

Listed on Main Market of Bursa  
Malaysia Securities Berhad on  
31 July 2012

Stock Code : 5226  
Stock Name : GBGAQRS  
Sector : Construction



## CORPORATE PROFILE



GABUNGAN AQRs BERHAD  
(912527-A)

**GABUNGAN AQRs BERHAD (Gabungan AQRs)** is an integrated Construction and Engineering service provider and niche lifestyle Property Developer. Gabungan AQRs was listed on the Main Market of Bursa Malaysia on 31 July 2012.

Gabungan AQRs was incorporated on 20 August 2010. A collaboration of building and civil engineering construction and a property development company, the Group has evolved into an integrated engineering and construction service provider and niche lifestyle property developer.

As an ISO 9001:2008 certified group of companies, Gabungan AQRs is committed to timely delivery of all its quality projects as well as implementing projects within prescribed budgets.



Gabungan AQRs is now poised to expand and undertake larger scale construction and property development projects both locally and abroad.



### VISION

Our vision is to be a premier market leader in construction and property development in the local and international market known for its integrity, distinctive innovations, quality, and excellence in service.

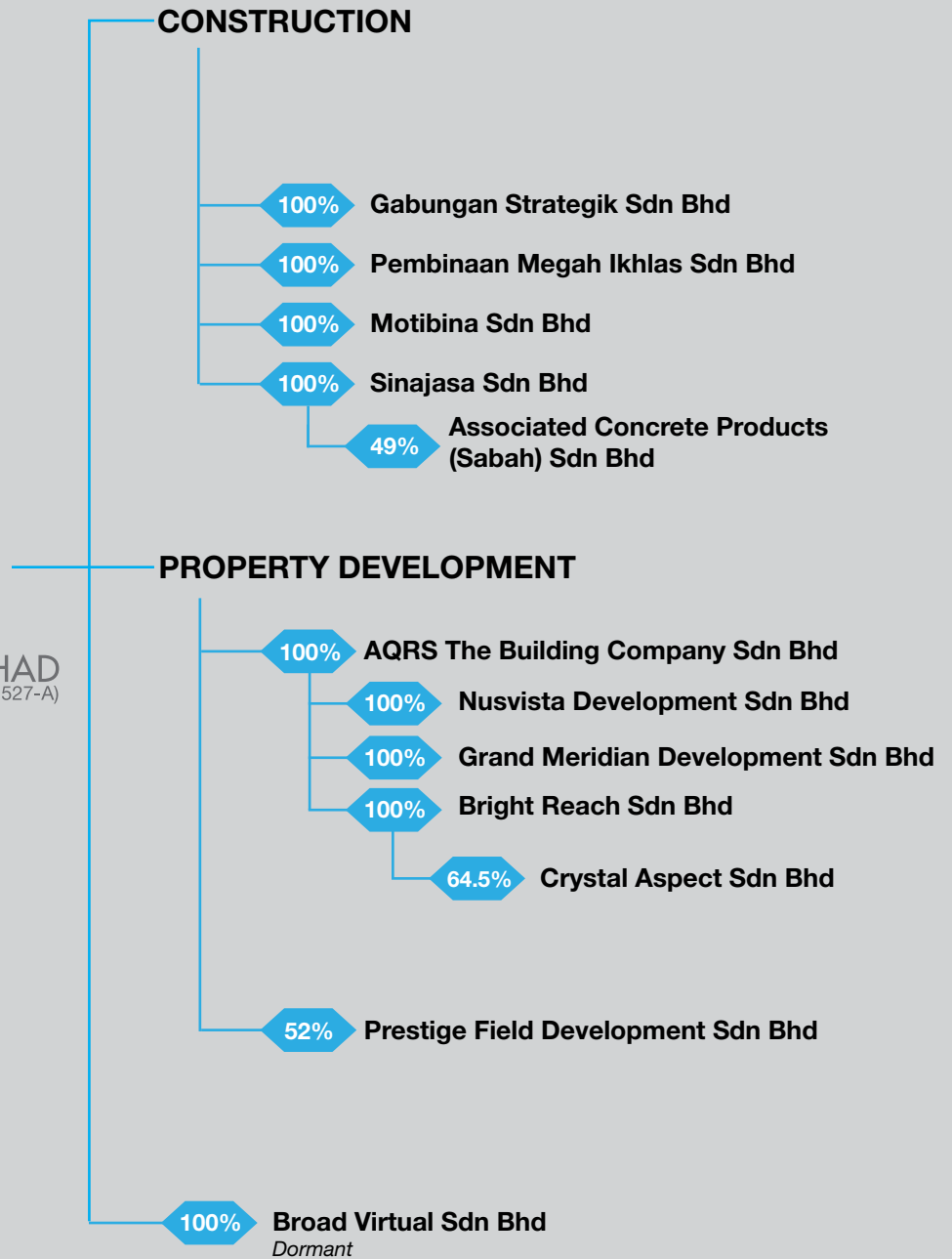
### MISSION

1. We are committed to successfully deliver and delight our customers by providing excellent responsive personalised customer service.
2. We provide our employees training, a safe and healthy work environment, for we believe that our employees are our biggest asset and that we will succeed when we work, grow and excel together as a team.
3. We pursue technical knowledge and expertise and continuous work processes improvements, sharing of ideas, knowledge, and expertise, making full use of the skills of our team members to deliver innovative and quality products and services to increase value for our customers.
4. We will contribute to the nation's social and economic objectives.
5. We foster a working environment with our stakeholders that encourages creativity, innovation, excellence in performance, professional and financial growth to ensure our shareholders receive an equitable returns on their investment.

Gabungan AQRs is poised to make an indelible mark in the construction and property industry with its innovative plans for the future

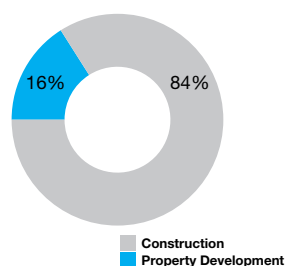


GABUNGAN AQRs BERHAD  
(912527-A)



## FINANCIAL HIGHLIGHTS

### FY2012 REVENUE BREAKDOWN



FY2012  
REVENUE  
**RM319.5m**

FY2012  
NET PROFIT  
**RM21.6m**

FY2012  
DIVIDEND PAYOUT  
**25.7%**  
OF NET PROFIT

Summarised Statements of Comprehensive Income For The Financial Year Ended 31 December (RM'000)	Proforma	
	2011	2012
Revenue	372,446	319,527
EBITDA	75,192	38,736
Profit Before Taxation	71,593	31,892
Net Profit Attributable to Equity Holders	48,235	21,613

Summarised Statements of Financial Position As At 31 December (RM'000)	2011		2012	
	Total Non-Current Assets	40,069	46,275	
Total Current Assets	368,395	439,759		
<b>Total Assets</b>	<b>408,464</b>	<b>486,035</b>		
Share Capital	73,380	88,880		
Reserves	48,877	126,530		
Shareholders' Equity	122,257	215,410		
Minority Interests	1,452	2,149		
Total Equity	123,709	217,560		
Total Non-Current Liabilities	31,240	17,057		
Total Current Liabilities	253,515	251,418		
<b>Total Equity and Liabilities</b>	<b>408,464</b>	<b>486,035</b>		

Summarised Statements of Cash Flows For the Financial Year Ended 31 December (RM'000)	Proforma	
	2011	2012
Operating Profit Before Working Capital Changes	75,210	34,740
Net Cash Flows Used in Operating Activities	(56,737)	(24,099)
Net Cash Flows Used in Investing Activities	(734)	(2,041)
Net Cash Flows From Financing Activities	36,876	43,347
Net (Decrease)/Increase in Cash and Cash Equivalents	(20,595)	17,207
Cash and Cash Equivalents at Beginning of Year	28,204	7,609
Cash and Cash Equivalents at End of Year	7,609	24,817

Financial Analysis	2011	2012
EBITDA Margin	20.19%	12.12%
Profit Before Tax Margin	19.22%	9.98%
Net Profit Margin	12.95%	6.76%
Free Cash Flow (RM'000)	22,032	(26,603)
Returns on Average Shareholders Equity (ROE)	-	12.8%
Returns on Average Total Assets (ROA)	-	4.8%
Earnings Per Share (sen)*	13.57	6.75
Net Dividends Per Share (sen)^	-	1.56
Payout Ratio	-	25.7%
Cash and Bank Balances (RM '000)	50,955	90,001
Total Borrowings (RM '000)	67,748	63,955
Net Gearing (x)	0.14	Net Cash

\* Based on enlarged share capital of 355.52 million shares of RM0.25 each

^ Proposed dividend subject to shareholders' approval at upcoming Annual General Meeting

Launch of Initial Public Offering (IPO) Prospectus  
The Hilton Kuala Lumpur

29 JUNE 2012



Listing on the Main Market of Bursa Malaysia Securities Berhad,  
Bursa Malaysia

31 JULY 2012



Official Launch of 'The Peak' Sky-Villas  
Jalan Temenggong, Johor Baru


6 APRIL 2013



Team Building Activities  
Holiday Inn Glenmarie, Shah Alam

3 - 4 & 10 - 11 MAY 2013



A full-length portrait of Datuk Kamarudin Md Ali, an Independent Non-Executive Chairman. He is seated on a white bar stool with a chrome base, leaning forward with his hands on his hips. He is wearing a dark navy blue suit jacket over a white and blue vertically striped dress shirt, dark navy trousers, and black leather loafers. The background consists of a wall with vertical wood paneling and light blue vertical blinds. The floor is covered with a patterned carpet.

**Datuk Kamarudin Md Ali,**  
*Independent Non-Executive  
Chairman*

## MESSAGE FROM THE CHAIRMAN

It is my pleasure to address you – our esteemed shareholders – following the successful Initial Public Offering (IPO) of Gabungan AQRS Berhad (Gabungan AQRS or the Group) on the Main Market of Bursa Malaysia Securities Berhad in July 2012.

The year just past was undeniably a turbulent one on account of numerous crises on the international scale, marked chiefly by the unresolved financial quandary of the Eurozone, slow recovery in the United States of America, and weakening demand in China.

While the Malaysian market was not altogether sheltered from global woes, the domestic economy remained in expansion mode.

This was aptly demonstrated by the nation's Gross Domestic Product (GDP) growth of 5.6% in 2012, propelled by resilient domestic end-user spending, as well as private and public sector investments. Among the high-impact public sector projects undertaken by the Government in the year under review included the Klang Valley Mass Rapid Transit (KVMRT) project, and various infrastructure upgrades throughout the country.

On the other hand, the domestic property market reported a mixed bag of results in 2012, with pockets of growth in certain sectors (largely mid-end residences and commercial properties) in high-growth locations (led primarily by Klang Valley, Penang and Johor). At the same time, demand was tempered by the tighter lending rules that came into effect in January 2012 in a bid to cool speculation in the property market.

Against this backdrop, I am pleased to inform you that Gabungan AQRS stayed on course to make our mark in the domestic construction and property development sectors.

On that note, I am pleased to present to you – on behalf of the Board of Directors – the Annual Report and audited financial results for the financial year ended 31 December 2012 (FY2012).



**Listing Ceremony of Gabungan AQRS Berhad**



**Completed Senawang Interchange**

### FINANCIAL OVERVIEW

The Group posted total revenue of RM319.5 million in FY2012, of which the construction segment contributed RM269.8 million or 84% of total group revenue, while the property development segment made up the balance RM49.7 million or 16% revenue contribution.

By comparison, the previous year ended 31 December 2011 (FY2011) recorded proforma group revenue of RM372.4 million, with the construction and property development divisions constituting RM281.3 million and RM91.2 million respectively.

The decreased top line year-on-year was mainly attributable to slower progress billings in the construction segment, as well as the delayed launch of a property project in adherence to the revised guidelines set out by the authorities.

These factors, coupled with higher operating and finance costs, led to group profit before tax (PBT) of RM31.9 million in FY2012. Gabungan AQRS ended the year with net profit attributable to shareholders of RM21.6 million, translating into basic earnings per share of 6.75 sen.

The previous year had seen the Group posting PBT and net profit of RM71.6 million and RM48.2 million respectively. Proforma basic earnings per share amounted to 13.6 sen, based on enlarged share capital of 355.52 million shares.

However it must be said, at this juncture, that the Group's two business segments quickly regained their footing towards the end of the year. For one thing, the construction segment generated billings from newly-commenced projects in the fourth quarter, and the property development segment made much headway enroute to launching the Group's maiden high-end project within the Iskandar Region in Johor in early 2013.

While further details are furnished in the Management Review section, it suffices to mention at this point that the Group is certainly well-placed to chart tremendous growth in the years to come.

## MESSAGE FROM THE CHAIRMAN (CONT'D)

Shareholders' equity rose to RM215.4 million in FY2012 from RM122.3 million previously, on account of higher retained earnings and increased share capital arising from listing exercise.

Commendably, the Group remained in robust financial standing, with cash and cash equivalents of RM90.0 million against total borrowings of RM64.0 million; resulting in the Gabungan AQRS being in net cash position as at end-2012.

### DIVIDEND

Since the IPO, the Board has set a dividend policy to distribute up to 25% of group net profit as dividends, as a gesture of appreciation to shareholders for their continued support.

In line with this, the Board has proposed a final dividend of 1.56 sen per share in respect of FY2012 for shareholders' approval in the upcoming Annual General Meeting. If approved, this translates to dividend payout of RM5.5 million, or 25.7% of FY2012 group net profit.

### BUSINESS OUTLOOK

Official statistics from Bank Negara Malaysia expect the domestic economy to grow between 5% and 6% in 2013, anchored by the continued resilience of domestic demand, and supported by improving external trade.

According to the Master Builders Association Malaysia, the local construction sector is expected to chart about 13% growth in 2013, even as the implementations of various high-impact projects under the Economic Transformation Programme led by the Government gather speed.

Similarly, the property development sector is projected to maintain its upward trajectory in the current year. Specifically, property developments in niche pockets of growth – such as in Greater Klang Valley, Iskandar Malaysia, and Penang – are anticipated to remain in high demand, benefitting from the widespread economic development,

increasing urbanisation and ongoing infrastructure-building initiatives.

In tandem with this, the Group has embarked on a string of developments to strengthen our footing in the domestic construction and property development sector.

For one thing, our subsidiary Prestige Field acquired a 30.1-acre land in Lestari Perdana, Petaling, for total cash consideration of RM55.2 million in February 2013. The land, strategically located in the southern part of Greater Kuala Lumpur, is within close proximity of matured neighbourhoods of Puchong, Sri Kembangan and Bukit Jalil, as well as new town centres of Putrajaya and Cyberjaya.

Leveraging on the excellent infrastructure and surrounded by a growing and increasingly-affluent population, the Group plans to undertake a mixed development of residential apartments and a commercial complex surrounded by lifestyle office components, which will altogether form a commercial hub to serve this catchment.

Furthermore, in a bid to focus our efforts in the central and southern regions of Peninsular Malaysia, the Group proposed to dispose of two contiguous parcels of freehold development land in Seberang Perai Tengah, Penang, to Ocean Mix Sdn Bhd for a total cash consideration of RM50.0 million.

Based on the land's audited carrying amount of RM32.4 million, the Group is expected to recognise a gain on disposal of RM14.8 million pursuant to the proposed disposal, after taking into consideration the associated tax and expenses incidental to the proposed disposal.

At the same time, our construction arm is preparing to tap into the tremendous growth potential in the construction sector in East Malaysia, via the acquisition of 49% equity interest in Associated Concrete Products (Sabah) from the Sabah Economic Development Corporation (SEDCO) for a purchase consideration of RM3.5 million.



*Progress of Avenue @ Kinrara Uptown*

## MESSAGE FROM THE CHAIRMAN (CONT'D)



*The Residency, Kota Damansara*

With this, Gabungan AQRs will expand the usage of Industrialised Building System (IBS) method in East Malaysia in collaboration with SEDCO. IBS is a construction system that utilises techniques, products, components, or building systems involving prefabricated components and on-site installations for greater consistency, cost effectiveness and speedy delivery.

Finally, to reward existing shareholders for their continuing support and to further enhance their returns, the Board has proposed a bonus issue of approximately 160.0 million warrants on the basis of 9 warrants for every 20 existing ordinary shares of RM0.25 each held on an entitlement date to be determined later.

Issued at no cost to shareholders, the indicative exercise price of the 5-year warrants is assumed at RM0.92 each; the final price of which will be determined by the Board at a later date. The corporate exercise would potentially raise up to RM149.2 million for the Group's working capital requirements, including the placement of fixed deposits in banks as collateral for performance bonds, raw material purchases and other expenses.

All said, while challenges will undoubtedly abound, the Group is optimistic of our future growth prospects given the pipeline of projects and the management's aggressive pursuit of expansion opportunities, thereby enabling our stakeholders to reap sustainable long-term returns.

### APPRECIATION

I would like to extend my utmost appreciation to the Board of Directors and to the whole management team who have contributed tremendously to the Group.

At this juncture, I would like to welcome Mr. Muk Sai Tat, who was appointed as Independent and Non-Executive Director on 2 November 2012. We are certain that his diverse experience will enable him to contribute positively to the Board.

On behalf of the Board of Directors, I would also like to express my deepest gratitude to the regulatory authorities, business partners, valued shareholders, and buyers for their unwavering support. We hope to count on our continued collaboration as Gabungan AQRs builds a firm foundation for a promising future for all.

Thank you.

**Datuk Kamarudin Md Ali,**  
Independent Non-Executive Chairman  
22 May 2013

**Ng Chun Kooi,**  
*Executive Director and  
Chief Executive Officer*





*Progress of Klang Valley My Rapid Transit (KVMRT) Project*

Gabungan AQRS marked the first year as a listed entity on the Main Market of Bursa Malaysia with commendable performance, despite facing numerous challenges in both our business segments of construction and property development.

The Group achieved net profit of RM21.6 million on the back of group revenue of RM319.5 million for the year under review. The satisfactory results were the outcome of the Group's resolve as we put in place our growth strategies going forward.

I am pleased to report to our shareholders the performance of the Group's two divisions: construction and property development.

**CONSTRUCTION DIVISION**

Throughout 2012, we saw the construction industry in Malaysia remain resilient. This is echoed by statements from the Master Builders Association Malaysia and Bank Negara Malaysia, which reported the construction industry's expansion by 20% in the year under review.

This growth was largely backed by the numerous sizable fiscal projects, for instance, the Klang Valley My Rapid Transit project (KVMRT), KLIA 2, the Light Rail Transit extensions, and the widening of the PLUS highway.

Riding on this construction boom, we saw our construction division achieve a corporate milestone as our construction orderbook surpassed the RM1.0 billion mark for the first time in 2012. In fact, our orderbook as at end-2012 stood at RM1.2 billion, which is set to sustain the Group till 2016.

**PROJECT UPDATES**

Prior to our listing, the Group has successfully completed close to RM900.0 million worth of construction projects in the local market, dating back to our humble beginnings in

1996. The projects ranged from building shop offices and schools to the construction of highways and roadworks.

These achievements say as much of our commitment to build up our reputation as a reliable construction company as they do our core competency and skillsets in undertaking projects of varied scale and challenges.

Adding to our track record, during the year under review we completed the construction work along the Lebuhraya Damansara-Puchong highway (LDP), among many other projects completed in the year.

The project, valued at RM98.6 million, was awarded to us in May 2010, and I am pleased to report that we successfully completed the upgrading construction project in July 2012.

Throughout the year, we not only kept ourselves busy with numerous ongoing projects, but also actively participated in a number of tenders. Some of the big and notable wins that the Group achieved in the year under review were:

**MRT PACKAGE V1  
(SG. BULOH TO KOTA DAMANSARA STATION)**

The announcement of the KVMRT project prompted the Group to participate in any tender opportunities available.

We are pleased to report to our shareholders that in September 2012 we received a subcontract worth RM303.5 million from Syarikat Muhibbah Perniagaan dan Pembinaan Sdn Bhd (SMPP) to construct and complete viaduct guideways and other associated works onto the KVMRT route from Sungai Buloh to Kota Damansara. This project is part of the KVMRT Package V1.

This contract win is one of the Group's biggest projects ever won; an achievement which is certainly another feather to our cap.

## MANAGEMENT REVIEW (CONT'D)

To date, the Group has already completed approximately 13% of the project. Barring unforeseen circumstances, we target to complete the subcontract project by early-2016.

### UPGRADING ROADWORKS AT JALAN RANTAU TO SG. GADUT (NEGERI SEMBILAN)

Following that, Gabungan AQRS also secured a contract from the Jabatan Kerja Raya Malaysia (JKR) worth RM141.0 million. This would see the Group undertaking the upgrading of roadworks along the Jalan Rantau to Sungai Gadut Highway in Negeri Sembilan. Such a project is very much within our competency and capabilities.

We started the upgrading works on the said highway in July 2012 and expect to complete the project by end-2014.

### DEVELOPMENT OF INDUSTRIAL LOTS IN SHAH ALAM, SELANGOR

In December 2012, we were appointed by Peridot Development Sdn Bhd to undertake the construction, completion, and maintenance of 30 units of three-storey factory lots located in Shah Alam, Selangor.

The project, valued at RM36.5 million, is expected to be completed by September 2014.

Apart from these new projects, we have also acquired numerous projects from both the private and public sectors. In fact, for the year under review, we added RM716.2 million worth of projects to our orderbook, whilst completing RM619.7 million worth of projects.

Coupled with other ongoing undertakings, the Group's current orderbook was elevated to RM1.2 billion as at end-2012, with a diverse geographical span from the Klang Valley and Negeri Sembilan to Johor. Our unbilled sales stood at RM850.0 million as at 31 January 2013.

### GROWTH PROSPECTS

Having strengthened our balance sheet and enhanced our corporate profile through our listing exercise, we believe that we are in an excellent position to take the Group to the next level.

In order to achieve that, we aim to grow our orderbook by undertaking more projects through active participation in promising tenders. That will certainly build up a base to sustain the Group in the years ahead.

In addition to expanding our orderbook, we aim to grow via strategic alliances. A case in point is our recent expansion to East Malaysia through the acquisition of a 49% stake in Associated Concrete Products (Sabah) Sdn Bhd. This acquisition will enable the Group to establish our presence in the state, and expand the usage of Industrialised Building System (IBS) method in East Malaysia.

Besides that, the Group is also on the lookout for other merger and acquisition (M&A) opportunities. One of the areas that we have identified as a potential M&A opportunity is the maintenance and engineering (M&E) sector. The M&E business will be a strategic fit to our business model, in that we not only can provide our construction services to our clients but also help them in their building maintenance.

We believe the one-stop value proposition will be revenue-enhancing to the Group.

All said, we hope to build a firm foundation for the Group and position ourselves to tap into the many opportunities in the construction industry. With our ongoing projects and initiatives going forward, a promising future awaits us in the upcoming year.

### PROPERTY DIVISION

Despite the uncertainty over the General Elections and Bank Negara Malaysia's tightening of residential loan approvals, Malaysia's property market remained robust in 2012. This positive trend was reflected with the Group recording favourable take-up rates for our residential and commercial projects, mostly located in the Klang Valley.

In the year under review, the Group made progress with two of our ongoing property development projects, namely, 'Contours' at Melawati Heights, Selangor, and 'The Avenue @ Kinrara Uptown', located at Taman Lestari Permai, Selangor.

The 'Contours' at Melawati Heights features 41 units of 'Courtyard Villas' within a gated and guarded community, and is located on a mountain ridge with unobstructed views of the surrounding hills and greenery. The 'Contours', sitting on a 3.1-hectare land, has a total GDV of RM157.4 million. This project has received good response so far and has a take-up rate of more than 70% as at April 2013. The 'Contours' is expected to be completed by end-2013.

Meanwhile, 'The Avenue @ Kinrara' is the Group's commercial property project, which is strategically located within Taman Lestari Permai. It is easily accessible through the Bukit Jalil Highway and Maju Expressway. The commercial project will feature 177 units of shop-offices and a shopping complex on 12.2 hectares of land.

We are confident of this the prospects of this development, given its superb accessibility and vicinity within the vibrant Puchong-Putrajaya-Cyberjaya area. The results are beginning to show, as we have seen an encouraging take-up exceeding 60% for this project to date. We target to complete this project by end-2013.



*The Peak, Johor Baru*

### NEW CATALYSTS

Moving forward into our financial year 2013 (FY2013), the Group has set our sights on the booming property market in the Iskandar Malaysia region. With more foreign investors interested in the Iskandar Malaysia proposition and the region's rising reputation as a tourist destination, many are convinced that Iskandar Malaysia will be a catalyst of growth in the coming years.

In light of this, the Group paved our way into the Iskandar Malaysia property sector with our first high-end, high-rise residential project - 'The Peak' at Jalan Temenggong, Johor.

Strategically situated in the city of Johor Baru, residents of 'The Peak' will enjoy the advantageous connectivity to major highways such as the North-South Expressway and Eastern Dispersal Link Expressway.

Launched in April-2013, 'The Peak' features two 41-storey towers with a total of 668 units of 'Sky Villa' service apartments, complete with a Sky Garden and luxurious amenities.

This private and exclusive residential enclave has a total GDV of RM483.6 million and sits upon 2.2 hectares of land. We have received very warm reception to 'The Peak' thus far, attracting both local purchasers as well as Singaporean investors. The project is expected to be completed by 2016.

In addition, the Group is also set to further expand our foothold into Johor with another project namely 'Permas Jaya', which entails the development of 99-units of three- and four-storey shop offices. This project, with an estimated total GDV of RM127.3 million, is targeted for completion in 2015.

With these projects in hand, there is little doubt that our property division will be kept busy for the next two to three years. In line with our goal of reinforcing ourselves as a lifestyle property developer, we will actively be on the lookout for more niche landbank to develop projects catering to the ever-demanding property purchasers.

We at Gabungan AQRS look forward to your continued support, as we embark on this new chapter of our growth story as a listed entity.

**Ng Chun Kooi,**  
Executive Director and Chief Executive Officer  
22 May 2013

## BOARD OF DIRECTORS



1) **Datuk Kamarudin bin Md. Ali**  
*Independent, Non-Executive Director and Chairman*

2) **Ng Chun Kooi**  
*Executive Director and Chief Executive Officer*

3) **Ng Kit Heng**  
*Executive Director*

4) **Ow Chee Cheoon**  
*Executive Director*

5) **Dato' Azizan bin Jaafar**  
*Executive Director*

6) **Badil Zaman bin Fazul Rahman**  
*Executive Director*

7) **Saaban bin Mohamed Sidik**  
*Executive Director*

8) **Meriah binti Nasibi**  
*Executive Director*

9) **Loo Choo Hong**  
*Independent, Non-Executive Director*

10) **Muk Sai Tat**  
*Independent, Non-Executive Director*



## DIRECTORS' PROFILE



### **DATUK KAMARUDIN BIN MD. ALI**

*Independent Non-Executive Director and Chairman*

Datuk Kamarudin Bin Md. Ali, a Malaysian aged 63, is the Independent Non-Executive Director and Chairman of our Company. He was appointed to the Board on 6 July 2011. Datuk Kamarudin is also the Chairman of the Remuneration Committee as well as a member of the Audit Committee and Nomination Committee of the Company.

He graduated from the Technical College Kuala Lumpur in 1973 with a Diploma in Engineering. In 1976, he obtained his Bachelor of Science Degree in Mechanical Engineering from The University of Strathclyde, Glasgow, United Kingdom and in 1980, he successfully obtained a Masters of Science in Engineering from the University of Birmingham, United Kingdom. He was selected to attend a short course on Finance and Budgeting at the University of Pittsburgh, United States of America in 1990. In 2001, he was also selected to attend a one-year post graduate course at the prestigious Royal College of Defence Studies, United Kingdom.

He joined the Royal Malaysian Police ("RMP") force as a probationary inspector in 1970. During his tenure with the RMP, he was appointed to several posts which included the Chief Police Officer of Kuala Lumpur and Johor Darul Takzim and Director of Management RMP. He is a professionally qualified and experienced police officer specialising in mechanical engineering with extensive knowledge and skills in logistic management, manpower development, strategic planning, training and development, recruitment and selection, career development and crime prevention gained through a wide range of command posts and managerial capacities held during his tenure in the RMP. After serving the RMP for almost 36 years, he retired from the RMP on 4 May 2006.

He was appointed to the Board of Directors of Gabungan Strategik Sdn Bhd ("Gabungan Strategik") in 2006 as the Non-Executive Director and Deputy Chairman.

He is currently a director of several of our subsidiaries and holds several other directorships in a number of public and private limited companies.



### **NG CHUN KOOI**

*Chief Executive Officer*

Ng Chun Kooi, a Malaysian aged 52, is the Chief Executive Officer of our Company. He was appointed to the Board on 6 July 2011 and is responsible for overseeing the day-to-day operations, strategic planning and overseeing the implementation of the policies of our Group. He has more than 25 years of experience in the construction industry and was the co-founder of Gabungan Strategik. Mr. Ng is a member of the Remuneration Committee of the Company.

He obtained a Bachelor of Science in Civil Engineering degree from the University of Manchester, United Kingdom in 1984. He commenced his career in the construction industry when he joined Sungei Way Construction Sdn Bhd in 1984 as a Project Engineer and was subsequently promoted to various positions within the company between 1984 and 1995. During his approximately 10-year tenure at Sungei Way Construction Sdn Bhd, he was responsible for, amongst others, overseeing, monitoring and managing several major public and private commercial and infrastructure construction projects. He held the position of General Manager at Sungei Way Construction Sdn Bhd when he left in 1995 to join Setarabina Sdn Bhd as the Managing Director. He subsequently co-founded Gabungan Strategik in 1999 where he was responsible for overseeing its day-to-day operations, strategic planning and business development.

He is also a graduate member of the Institute of Engineers Malaysia. He is currently a director of several of our subsidiaries and holds several other directorships in a number of private limited companies.

## DIRECTORS' PROFILE (CONT'D)



**NG KIT HENG**  
*Executive Director*

Ng Kit Heng, a Malaysian aged 60, is the Executive Director of our Company. He was appointed to the Board on 6 July 2011 and is responsible for securing and managing our Group's contracts. He has more than 30 years of experience in both the construction and property development industries. He was the co-founder of Motibina Sdn Bhd ("Motibina") and AQRS The Building Company Sdn Bhd ("AQRS").

He graduated from the University of Canterbury, New Zealand, in 1976 with a Bachelor of Engineering (Civil) degree and subsequently obtained a Masters of Engineering (Civil) in 1977. He began his career in the construction industry in 1978 as a Civil Engineer at JKR and moved on to Perunding Bakti as a Project Engineer in 1980. He joined Sungei Way Construction Sdn Bhd in 1981 as Assistant Project Manager and was subsequently promoted to various positions within the company between 1981 and 1996. During his 15-year tenure in Sungei Way Construction Sdn Bhd, he was involved in various sizeable building and infrastructure projects. His responsibilities also included the overall management of the company. He held the position of Executive Director when he left Sungei Way Construction Sdn Bhd in 1996 and co-founded Motibina with Ow Chee Cheoon to venture into property development. He was responsible for managing the day-to-day operations, strategic planning and business development of Motibina.

He is a full member of the Institute of Engineers Malaysia. He is currently a director of several of our subsidiaries and holds several other directorships in a number of private limited companies.



**OW CHEE CHEOON**  
*Executive Director*

Ow Chee Cheoon, a Malaysian aged 52, is the Executive Director of our Company. He was appointed to the Board on 6 July 2011 and is responsible for overseeing the property development activities of the Group. He has more than 25 years of experience in the construction and property development industries and was the co-founder of Motibina and AQRS. Mr. Ow is a member of the Remuneration Committee of the Company.

He graduated from Monash University, Australia in 1986 with a Bachelor of Engineering degree. He began his career in 1986 as a Site Engineer in Sungei Way Construction Sdn Bhd and was involved in several property development and infrastructure projects. He then moved to Melbourne, Australia in 1989 where he worked for the City of Mentone as a Municipal Engineer involved in urban drainage design and management and as a Project Engineer for Baulderstone Hornibrook in 1990. He returned to Malaysia in 1991 and joined Dekon Sdn Bhd as an Executive Director from 1991 to 1996 where he managed a staff force of over 80 employees. He was primarily responsible for the company's operations and overseeing the company's building and infrastructure projects.

With his diverse experience in the construction industry, he co-founded Motibina in 1996 and formed AQRS in 2003 together with Ng Kit Heng. In AQRS, he is responsible for managing its day-to-day operations, strategic planning and business development.

He is currently a director of several of our subsidiaries and holds several other directorships in a number of private limited companies.

## DIRECTORS' PROFILE (CONT'D)



### **DATO' AZIZAN BIN JAAFAR**

*Executive Director*

Dato' Azizan Bin Jaafar, a Malaysian aged 45, is the Executive Director of our Company. He was appointed to the Board as an Independent Non-Executive Director on 6 July 2011 and redesignated to Executive Director on 2 November 2012. He has more than 20 years of experience in the construction industry.

He graduated from the University of Salford, United Kingdom in 1992 with a Bachelors of Science in Quantity Surveying. He began his career in 1990 with Warrington Martin as an Assistant Quantity Surveyor in the United Kingdom. He remained working in the United Kingdom until 1995 and became a Senior Quantity Surveyor at Taisei Corporation in 1995. In 1996, he joined Ahmad Zaki Sdn Bhd as a Contracts General Manager, where he was subsequently appointed as a Senior Executive Director in the company. He is currently the Managing Director of Dasa Sentosa Sdn Bhd which mainly provides project management services.

He currently holds several other directorships in a number of private limited companies.



### **BADIL ZAMAN BIN FAZUL RAHMAN**

*Executive Director*

Badil Zaman bin Fazul Rahman, a Malaysian aged 55, is the Executive Director of our Company. He was appointed to the Board on 6 July 2011 and is responsible for the strategic planning and business development for our Company.

He graduated with a Diploma in Marketing from the Chartered Institute of Marketing, United Kingdom, in 1998 and subsequently obtained a Diploma in Transport from the Chartered Institute of Transport, United Kingdom in 1999.

He commenced his career at Sabah Electricity Board in 1977 as a Technical Assistant. He left Sabah Electricity Board in 1981 and joined HYC Construction Sdn Bhd as Purchasing Manager. Between 1984 and 1992, he worked as Project Manager for an independent contractor in Brunei, Logistic Manager for Koko Mewah Sdn Bhd and Labuan Maritime Service Damai Stredoring (L) Sdn Bhd. From 1990 to 1993, he was the Marketing Director of Trans Samudera Lines Sdn Bhd, a shipping services company and General Manager and Director of Axiam Sdn Bhd which is principally involved in the provision of shipping services and trading of metals and consumer goods. He subsequently left these companies in 1993 to join Dinasti Asia Trading Sdn Bhd which is involved in fertilizer trading, as General Manager and Director. In 1995, he joined Syarikat R.E Morris Sdn Bhd, a mechanical and electrical engineering company as Executive Director and Chairman, Immarang (M) Sdn Bhd, a coal trading and supplies company as Director and General Lane (M) Sdn Bhd, a company trading in fertilizer, water treatment, chemical commodities and minerals, as the Managing Director.

He left Syarikat R.E. Morris Sdn Bhd in 2002 and Immarang (M) Sdn Bhd in 2006. He joined Imaprima Sdn Bhd, a construction company, as a Director in 2002 where he was responsible for the day-to-day operations of the company. Since his relinquishment of his shares in Imaprima Sdn Bhd and his resignation as director of Imaprima Sdn Bhd, he no longer plays an active role in the company.

He currently holds several other directorships in a number of private limited companies.

## DIRECTORS' PROFILE (CONT'D)



### **SAABAN BIN MOHAMED SIDIK**

*Executive Director*

Saaban Bin Mohamed Sidik, a Malaysian aged 57, is the Executive Director of our Company. He was appointed to the Board on 6 July 2011 and is responsible for the project operations of our Group. He has more than 30 years of work experience. In 2006, he joined Gabungan Strategik as General Manager and was subsequently appointed to the Board of Directors of Gabungan Strategik in 2009 as the Executive Director. His main role in the company is overseeing project operations.

He graduated from Institut Kemahiran MARA, Sungai Petani, in 1976 with a Certificate in Architecture from MARA and City and Guilds Certificate for Construction from the City and Guilds of London Institute. He began his career in 1976 with MARA as Project Coordinator and subsequently left in 1981 to join Razak Arkitek and Rekarya Architect Sdn Bhd as the Architecture Senior Clerk of Works, where he assisted the Superintending Officers or Project Architects on site administration, planning, architectural design and detailing and other issues related to architectural works on site. He then joined Tanming Berhad in 1988 as Assistant Project Manager where he was responsible for project management. He was subsequently promoted to the position of Executive Director in Tanming Berhad before joining AMK Architech Sdn Bhd in 2002 and MAA Architect Sdn Bhd in 2005, both as Senior Architectural Clerk of Works.



### **MERIAH BINTI NASIBI**

*Executive Director*

Meriah Binti Nasibi, a Malaysian aged 39, is the Executive Director of our Company. She was appointed to the Board on 6 July 2011 and is responsible for the human resource and administrative functions of our Group. She has more than 10 years experience in human resources and administration.

She graduated from Tutorial Institute, Kuala Lumpur, in 2000 with a Diploma in Business Administration. She began her career at EPE Power Corporation Berhad in 1991 as a General Clerk. She also worked at Orgavyl Chemical Industries Berhad in 1995 and Multidata Medic Sdn Bhd in 1999 as a Human Resource Clerk and Administrative Coordinator respectively, before she joined Gabungan Strategik in 2002 as the Manager in charge of human resource and administrative functions. At that juncture, Gabungan Strategik had secured the PKK Class A license with Bumiputera status but was still a relatively small organisation with 11 employees. Ng Chun Kooi together with Meriah binti Nasibi formed the core management team of Gabungan Strategik.

She became a Director and shareholder of Gabungan Strategik in 2003 with the view of jointly growing Gabungan Strategik's core business with Ng Chun Kooi. She is primarily responsible for human resource and administrative matters of Gabungan Strategik including establishing the human resource policies of Gabungan Strategik and being responsible for administrative matters such as management of the company's properties and assets as well as being involved in the submission of tenders in order to ensure that Gabungan Strategik was able to submit and complete, timely and accurate tender documents according to the tender criteria.

With the gradual growth of Gabungan Strategik over the years and the increase in the number of employees and operational size of the company, she has played a significant role in terms of spearheading further enhancements of Gabungan Strategik's key human resource and administrative areas, which includes, amongst others, the following:

- primarily responsible for the establishment of human resource policies, remuneration and incentive scheme, training and management succession plan in view of the increasing number of employees under Gabungan Strategik;
- driving the establishment of administrative policies and procedures for Gabungan Strategik including operational asset management such as premises and vehicles, insurance policies, licenses application and renewals; and
- overseeing the application process and compliance audit for the purpose of attaining the QMS MS ISO 9001:2000 accreditation which was successfully obtained in 2003 (which has since been upgraded to ISO 9001:2008 in 2010).

She is currently a director of several of our subsidiaries.

## DIRECTORS' PROFILE (CONT'D)



### LOO CHOO HONG

*Independent Non-Executive Director*

Loo Choo Hong, a Malaysian aged 40, is the Independent Non-Executive Director of our Company. He was appointed to the Board on 6 July 2011. Mr Loo is the Chairman of the Audit Committee and member of both the Nomination Committee and Remuneration Committee.

He was admitted as a member of the ACCA in 1998, and is currently a fellow member of the accountancy body. He is also a member of the Malaysian Institute of Accountants and an associate member of the Institute of Internal Audit since 2001 and 2005 respectively.

He commenced his career as an audit assistant in Yap, Goh And Associates in 1998. He left the firm as an audit supervisor in 2001 when he joined K.H. Kwong & Company, as an audit and tax manager. In 2005, he also founded C.H. Loo & Co. and Pro Cast Management Services which offer various professional corporate and management services. He is currently the Principal of C.H. Loo & Co.

He is also an Independent Non-Executive Director and the Chairman of the Audit Committee of Wang-Zheng Berhad. He was appointed to the Board of Wang-Zheng Berhad since 27 July 2004. He currently holds several other directorships in a number of private limited companies.



### MUK SAI TAT

*Independent Non-Executive Director*

Muk Sai Tat, a Malaysian aged 49, is the Independent Non-Executive Director of our Company. He was appointed to the Board on 2 November 2012. Mr Muk is the Chairman of the Nomination Committee as well as member of the Audit Committee and Remuneration Committee.

He holds a Masters of Business Administration (General Management) from the University of Bath, United Kingdom. He is a Certified Public Accountant (CPA) and a member of the Malaysian Institute of Accountants.

He began his career in 1983 with PriceWaterhouseCoopers as an Audit Assistant and progressed to be an Audit Senior upon completion of Malaysian Association of Certified Public Accountants examination in June 1989. In September 1990, he joined Ogilvy & Mather (Malaysia) Sdn Bhd as an Accountant and later joined Energizer Battery Company (M) Sdn Bhd in 1991 as a Sales Accounting Manager and Financial Analyst.

In 1996, he joined Emerson Electric (M) Sdn Bhd as a Financial Controller – Southeast Asia and later joined Pernas Otis Elevator Co. Sdn Bhd & Otis Manufacturing Company Sdn Bhd in 1999 as a Financial Controller/ Chief Financial Officer. In 2000, he joined Skyline Concepts Sdn Bhd as a General Manager and later Concino Sdn Bhd in 2001 as a Group Chief Executive Officer.

In 2003, he joined Mangium Industries Bhd as a Group Chief Executive Officer/ Executive Director and later joined WaKa Parter AG/Forestry Investment Trust (F.I.T.) and WaKa-Forest Investment Services AG (WaKa-FIS) in 2007 as a Representative for Asia (F.I.T.) and as a Director in Asia Pacific for WaKa-FIS in 2009. In 2010, he joined TT Resources Bhd as an Executive Director. In 2011, he joined Asian Business Solutions Sdn Bhd as a Partner/Consultant.

#### Notes:

1. None of the Directors have any family relationships with other Directors or major shareholders.
2. None of the Directors have any personal interest in any business arrangement involving the Company and all the Directors have had no convictions for offences other than traffic offences for the past ten years.

## STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors (“the Board”) of Gabungan AQRS Berhad (“Gabungan AQRS” or “The Company”) is pleased to report that for the financial year under review, the Board has applied good governance practices in managing and directing the business of the Company and its group of companies (“the Group”) by adopting the principles and best practices prescribed in the latest Malaysian Code on Corporate Governance (“the Code”) released by the Securities Commission Malaysia in March 2012.

The Board has conducted a review on its current practices and proceedings against the principles and recommendations in the Code. The result of this review was used as the basis for the Board in describing the application of the Principles and the extent of compliance with the Best Practices advocated therein in compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

### **Board of Directors**

It is the overall governance responsibilities of the Board to lead and control the Group. The Board involves in planning the business directions, development and control of the Group and has taken initiatives to embrace the responsibilities listed in the Code, which facilitates the discharge of the Board’s stewardship responsibilities. When implementing the business plan, the Executive Directors are responsible for making and implementing operational and corporate decisions while the Non-Executive Directors play an important role in providing independent views, advice and judgment in safeguarding the interests of the shareholders.

The Board has ten (10) members comprising seven (7) Executive Directors and three (3) Independent Non-Executive Directors. These Board Members came from diverse backgrounds from various fields. Together they bring a broad range of skills, experience and knowledge relevant to directing and managing the Group’s businesses. In addition, there is a clear division of responsibilities between the Chairman and Chief Executive Officer and these two positions are held by separate members of the Board. The Chairman is responsible for the Board’s effectiveness and conduct, whilst the Chief Executive Officer has the overall responsibilities over the Group’s operating units, organisational effectiveness and implementation of Board policies and decisions.

The Board has retained its authority of approval on significant matters such as the corporate exercises, shareholders’ and corporate communication and governance matters, award of contract, acquisition and disposal of assets. The Board has also set out its responsibilities and functions as well as the division of responsibilities and powers between the Board and Management and the Board Committees established in the Board Charter. Essentially, this Board Charter provides a basis to the Board in assessing its own performance and that of its individual directors.

In order to enhance stakeholders’ perception and public trust towards the Group, the Board believes that attention should be given to environmental, social and governance (“ESG”) aspects of business which underpin sustainability and relate these aspects to the interests of the various stakeholders. Moving forward, the Board would therefore strengthen its roles and responsibilities in ensuring the Group’s strategies promote sustainability. As a starting point, the Board would work with the Management to define a group policy and framework on sustainability.

### **Board Composition and Committees**

The Board has delegated specific responsibilities to the respective Committees of the Board namely the Audit Committee, Nomination Committee and Remuneration Committee, in order to enhance business and corporate efficiency and effectiveness. The Board Committees deliberate and examine issues within the respective established terms of reference and report to the Board on significant matters that require the Board’s attention.

#### ***Audit Committee (“AC”)***

The AC is led fully by Independent Non-Executive Directors. The responsibilities, composition, terms of reference and activities of the Committee are outlined in this Annual Report under the section of Audit Committee Report.

The present members of the AC are as follows:

- i. Loo Choo Hong - Chairman (*Independent, Non-Executive Director*)
- ii. Datuk Kamarudin Bin Md. Ali – Member (*Independent, Non-Executive Director*)
- iii. Muk Sai Tat – Member (*Independent, Non-Executive Director*)

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### ***Nomination Committee ("NC")***

In order to ensure that the selection and evaluation of Board Members are done objectively, the NC shall consist exclusively of Non-Executive Directors, the majority of whom shall be Independent Directors.

The present members of the NC are as follows:

- i. Muk Sai Tat - Chairman (Appointed on 2nd November 2012)
- ii. Datuk Kamarudin Bin Md. Ali – Member
- iii. Loo Choo Hong - Member

Functionally, the NC is responsible for reviewing and making recommendation of any appointments to the Board based on the size of the Board, mix of skills and experience and other qualities the Director should bring to the Board. New nomination is assessed and recommended to the full Board for appointment. The NC assists the Board in reviewing the composition of the Board Members annually and ensures that the current composition of the Board function competently.

### ***Remuneration Committee ("RC")***

The RC is responsible for reviewing and recommending to the Board the remuneration packages of the Directors. The RC comprises three (3) Independent Non-Executive Directors and two (2) Executive Directors. The present members of RC are as follows:

- i. Datuk Kamarudin Bin Md. Ali – Chairman
- ii. Muk Sai Tat – Member (Appointed on 2nd November 2012)
- iii. Loo Choo Hong – Member
- iv. Ng Chun Kooi – Member
- v. Ow Chee Cheoon – Member

The remuneration packages of the Company's Executive and Non-Executive Directors are determined by the Board as a whole, with the Director concerned abstaining from participating in the decision making in respect of his own remuneration.

### ***Re-election of Directors***

The Company's Articles of Association stipulate that all Board Members who are appointed by the Board shall be subject to election by shareholders at the next Annual General Meeting ("AGM").

The Company's Articles of Association also provide that at least one-third (1/3) of the Directors shall retire by rotation at each AGM and that all Directors shall retire once in every three (3) years. A retiring Director shall be eligible for re-election.

Directors who are above seventy (70) years of age are required to offer themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

### **Supply of Information**

The agenda for Board Meetings together with the relevant reports and information for the Board's consideration are forwarded to all members prior to the Board Meetings. During the Meeting, the Management provides information and clarification on issues raised by members of the Board during their deliberations and decision makings.

To discharge its responsibilities in connection with specific matters, the Board has full access to all information, the Management and the advice and services of the Company Secretary. Subject to Board's approval, all Board Members could seek independent professional advice whenever required.

The proceedings and resolutions reached at each Board Meeting are recorded in the Minutes Book kept at the registered office. Besides Board Meetings, the Board also exercises control on matters that requires its approval through the circulation of Directors' resolutions.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### Directors' Remuneration

The Executive Directors are remunerated based on the Group's performance whilst the remuneration of the non-Executive Directors are determined in accordance with their experience and the level of responsibilities assumed. The number of Directors whose income fall within the following bands are set out as follows:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM100,000 and below	1	3
RM100,001 – RM150,000	1	1
RM150,001 – RM200,000	1	-
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	1	-
RM300,001 – RM350,000	2	-

*Note : One of the Non-Executive Directors has been re-designated as an Executive Director in November 2012.*

The aggregate remuneration paid or payable to all Directors of the Company are further categorised into the following components:

	Fees* (RM)	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in- kind (RM)	EPF and SOCSSO (RM)	Total (RM)
Executive Directors	-	1,015,280	340,000	4,991.67	160,769.65	1,521,041.32
Non-Executive Directors	258,000	-	-	-	-	-

\* Subject to the approval by shareholders at the AGM.

### Board Independence

Independence is important for ensuring objectivity and fairness in board's decision making. The roles and responsibilities of the Chairman and Chief Executive Officer continue to be separated and the Chairman of the Board is an independent director.

The Board did not view the need to appoint a Senior Independent Director as it is able to act independently and objectively due to its balance composition, power and authority. No one individual dominates the Board's decision-making process.

Moving forward, in order to uphold independence of Independent Directors, the Board has adopted the following policies:-

- Subject to Board justification and shareholders' approval, tenure of Independent Directors should not exceed a cumulative period of nine (9) years; and
- Annual assessment of independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to Board's deliberation and the regulatory definition of Independent Directors.

### Board Commitment

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skillsets.

The Board meets at least every quarter and on other occasions, as and when necessary, to inter-alia review and approve quarterly financial results, statutory financial statements, the Annual Report, business ventures as well as to review the performance of the Company and its operating subsidiaries, governance matters and other business development matters. Board papers are circulated to the Board Members so as to provide the Directors with relevant information to enable them to have proper deliberations on issues raised during Board Meetings.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

During the financial year, four (4) Board Meetings were held. The details of attendance of the members are as below:

Director	No. of Meetings Attended/ No. of Meetings Held
Datuk Kamarudin Bin Md. Ali	4/4
Ng Chun Kooi	4/4
Ow Chee Cheoon	4/4
Dato' Azizan Bin Jaafar	4/4
Ng Kit Heng	4/4
Badil Zaman bin Fazul Rahman	4/4
Saaban Bin Mohamed Sidik	4/4
Meriah Binti Nasibi	4/4
Loo Choo Hong	4/4
Muk Sai Tat	1/1

The Directors recognise the needs to attend trainings to enable the directors to discharge their duties effectively. The training needs of each Director would be identified and proposed by the individual Directors and the NC annually upon completion of the Director's performance appraisals.

Following are the trainings attended by the Directors during the financial year:

Director	Training Attended
Datuk Kamarudin Bin Md. Ali	<ol style="list-style-type: none"> <li>1. Effective Dispute Resolution for Corporate Malaysia</li> <li>2. Role of the Audit Committee in Assuring Audit Quality</li> <li>3. Making the Most of the Chief Financial Officer Role</li> <li>4. Governance, Risk Management &amp; Compliance: What Directors Should Know</li> </ol>
Ng Chun Kooi	An Overview of Bursa Malaysia's Listing Requirements, Securities Commission Guidelines & Corporate Disclosure Guide 2011
Ow Chee Cheoon	An Overview of Bursa Malaysia's Listing Requirements, Securities Commission Guidelines & Corporate Disclosure Guide 2011
Dato' Azizan Bin Jaafar	An Overview of Bursa Malaysia's Listing Requirements, Securities Commission Guidelines & Corporate Disclosure Guide 2011
Ng Kit Heng	An Overview of Bursa Malaysia's Listing Requirements, Securities Commission Guidelines & Corporate Disclosure Guide 2011
Badil Zaman bin Fazul Rahman	An Overview of Bursa Malaysia's Listing Requirements, Securities Commission Guidelines & Corporate Disclosure Guide 2011
Saaban Bin Mohamed Sidik	An Overview of Bursa Malaysia's Listing Requirements, Securities Commission Guidelines & Corporate Disclosure Guide 2011
Meriah Binti Nasibi	<ol style="list-style-type: none"> <li>1. An Overview of Bursa Malaysia's Listing Requirements, Securities Commission Guidelines &amp; Corporate Disclosure Guide 2011</li> <li>2. Awareness &amp; Understanding of Integrated Management System of OHSAS18001:2007 &amp; ISO9001:2008</li> <li>3. Effective HR Toolkits for the Professionals</li> </ol>
Loo Choo Hong	Malaysian Code on Corporate Governance 2012
Muk Sai Tat	International Accountants Conference

### Financial Reporting

The Board is responsible to ensure that the quarterly financial reporting of the Company presents a fair and balance view and assessment of the Group's financial position, performance and prospects. The Board ensures that the Group's financial statements are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards. The Board is assisted by the AC in reviewing and scrutinising the information in terms of the overall accuracy, adequacy and completeness of disclosure and ensuring the Group's financial statements comply with applicable financial reporting standards.

## **STATEMENT ON CORPORATE GOVERNANCE (CONT'D)**

As part of the AC's review processes, the AC has obtained written assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Annually, the AC also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM. The AC would convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary.

### **Risk Management**

The Board acknowledges that risk management is an integral part of good governance. Risk is inherent in all business activities. It is however, not the Group's objective to eliminate risk totally but to provide structural means to identify, prioritise and manage the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived therefrom.

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the internal auditors report to the AC directly and they are responsible for conducting reviews and appraisals of the effectiveness of the governance, risk management and internal controls processes within the Group. Further details of the Group's state of risk management and internal control systems are reported in the Statement on Risk Management and Internal Control on pages 29 to 30.

### **Internal Control**

The Company always strives to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investments as far as possible. Information of the Company's internal control system and framework are presented in the Statement on Risk Management and Internal Control on pages 29 and 30 of this Annual Report.

### **Corporate and Social Responsibility**

The Group recognises the importance of its corporate and social responsibility ("CSR") whilst pursuing its corporate goals. During the financial year ended 31 December 2012, the Group continued to invest in its staff through continuous training (technical and team building workshops) to develop in-house capability and also to nurture a united workforce to assist the Group in realising its goals and objectives. In addition, to further fulfill its CSR, the Group had also made donations to welfare homes. Moving forward, the Group would partake in more social activities for the benefits of the public.

### **Corporate Disclosure**

Corporate disclosure and information are important for investors and shareholders. The Board is advised by the Management, the Company Secretary and the External and Internal Auditors on the contents and timing of disclosure requirements of the Listing Requirements on the financial result and various announcements. The Management is invited to attend the Board and AC Meetings and to provide explanations to the Board on the operations of the Group.

The Board leverages on its corporate website to communicate, disseminate and add depth to the governance reporting. The Board Charter was formalised and published in the new page on corporate governance in its present corporate website. Other principal governance information such as committees' terms of reference and Directors' profile would also be transferred from the Annual Report and published in the website to avoid dilution of issues in the Annual Report or various announcements.

### **Shareholders' Rights**

The Board recognises the need for transparency and accountability to the Company's shareholders and regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Group. This is achieved through timely releases of quarterly financial results, circulars, Annual Reports, corporate announcements and press releases. In addition to various announcements made during the period, information on the Company is available on the Company's website at [www.gaqr.com.my](http://www.gaqr.com.my).

The Company would respond to meetings with institutional shareholders, analysts and members of the press to convey information regarding the Group's performance and strategic direction as and when requested. General Meetings are an important avenue through which shareholders can exercise their rights. The Board would ensure suitability of venue and timing of meeting and undertake other measures to encourage Shareholders' participation in the meetings. Shareholders are reminded that they have the right to demand a poll at general meetings. Also, effective 1st June 2013, poll voting is mandated for related party transactions that require specific shareholders' approval.

## OTHER DISCLOSURES

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements as set out in Appendix 9C thereto.

### 1. Utilisation of Proceeds Raised from Corporate Proposals

Purpose of utilisation	Estimated time frame for utilisation from date of listing	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation		Explanations*
				Amount RM'000	%	
i. Acquisition of land bank	Within 36 months	25,000	1,586	23,414	93.7	(a) and (b)
ii. Acquisition of new corporate headquarters	Within 36 months	12,000	491	11,509	95.9	(a) and (b)
iii. Working capital	Within 24 months	30,460	30,460	-	-	-
iv. Estimated listing expenses	Within 6 months	5,700	4,418	1,282	22.5	(c)

Notes:-

\* A total sum of RM1.716 million being underwriting commission, brokerage commission, issuing house fees and out-of-pocket expenses has been proportionately reduced from the respective utilisation categories above.

(a) The unutilised proceeds raised from the Public Issue are placed in short-term deposits with licensed banks.

(b) The proceeds from the Public Issue are to be utilised within the estimated timeframe.

(c) As at 22 May 2013, the total listing expenses was RM4.418 million. The excess of RM1.282 million in the utilisation for the listing expenses had been allocated for working capital purposes as stated in the Prospectus dated 29 June 2012.

### 2. Share Buy-Back

The Company intends to seek its shareholders' mandate for the authority to purchase up to 10% of its issued and paid-up share capital at an Extraordinary General Meeting to be held at a date to be determined later.

### 3. Options, Warrants or Convertible Securities

The Company did not grant any options to any parties to take up unissued shares in the Company and did not issue any warrants or convertible securities as at 30 April 2013.

### 4. American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

### 5. Related Party Transactions

Significant related party transactions of the Group for the financial year are disclosed in Note 31 to the Financial Statements.

### 6. Sanctions and/or Penalties

There were no sanctions and/or penalty imposed on the Company, its subsidiaries, Directors or management by the relevant regulatory bodies as at 30 April 2013.

### 7. Non-Audit Fees

There were non-audit fees amounting to RM259,281 incurred for services rendered to the Company or its subsidiaries by the Company's auditors, or a firm or company affiliated to the auditors' firm for the FYE 31 December 2012.

### 8. Variation in Results

The annual audited financial statements of the Company/Group for the FYE 31 December 2012 did not vary by 10% or more from the unaudited financial results announced to Bursa Securities on 26 February 2013.

### 9. Profit Guarantee

There was no profit guarantee for the financial year.

### 10. Material Contracts Involving Directors' and Major Shareholders' Interests

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting as at the end of the financial year or entered into since the end of the previous financial year.

## AUDIT COMMITTEE REPORT

The Board of Gabungan AQRS Berhad is pleased to present the Report of the Audit Committee for the year ended 31 December 2012.

### COMPOSITION

The Audit Committee (“AC”) is composed of three (3) members, all of whom are Independent Non-Executive Directors who satisfy the test of independence under the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). This meets the requirements of the Corporate Governance (“CG”) Code. The composition of the AC and their attendance records are as set out on page 27 of this Annual Report respectively.

The AC Chairman, Mr Loo Choo Hong is a member of the Malaysian Institute of Accountants (MIA), an associate member of the Institute of Internal Audit and, a fellow member of the Association of Chartered Certified Accountants, United Kingdom (ACCA). He has 15 years working experience in auditing, accounting, taxation and provision of various professional corporate and management services. In this respect, the Company complies with Paragraph 15.09(1)(c)(i) of the MMLR.

The performances of the AC and its members are assessed by the Board. The Board is satisfied that the AC members are able to discharge their functions, duties and responsibilities in accordance with the Terms of Reference (“TOR”) of the AC, thereby supporting the Board in ensuring appropriate CG standards within the Company and its group of companies (“the Group”).

### TERMS OF REFERENCE

The summary of the AC’s TOR consists of two (2) major areas:-

#### 1. Authority

The AC has unrestricted access to all of the Group’s records, properties and personnel to enable it to discharge its duties. It may seek outside legal or independent advice and secure attendance of external experts as and when it considers necessary.

The AC shall have the authority to:-

- i. approve any appointment or termination of senior staff members of the internal audit function;
- ii. investigate any matter within its TOR, having the resources which it needs to do so, full and unrestricted access to information pertaining to the Group and the management;
- iii. have direct communication channels with the Internal and External Auditors, and also to engage the senior management on a continuous basis, such as the Independent Non-Executive Chairman, the Chief Executive Officer, the Executive Directors, the Chief Financial Officer and the Group Accountant in order to be kept informed of matters affecting the Group;
- iv. have the right to obtain external professional advice at the Company’s expense and invite persons with relevant experience to attend its meetings, if necessary; and
- v. have the right to convene meetings with the Internal and External Auditors, excluding the attendance of other Directors or employees of the Group, whenever deemed necessary. Such meetings with the External Auditors shall be held at least twice a year.

#### 2. Responsibilities

Since the listing of the Company on the Main Market of Bursa Securities on 31 July 2012, the AC members are able to effectively discharge their functions, duties and responsibilities in accordance with the TOR of the AC, which include the following:-

##### a. Financial Reporting Review

- review the unaudited quarterly financial statements and make recommendations to the Board on the adoption and release of the same, focusing particularly on:-
  - going concern assumption;
  - compliance with accounting standards and other regulatory requirements;
  - changes in or implementation of major accounting policy;
  - significant adjustments arising from the audit; and
- review and assess the appropriateness of the Group’s accounting policies and the adequacy of management reporting requirements.

## AUDIT COMMITTEE REPORT (CONT'D)

### b. External Audit

- discuss and liaise with the External Auditors on the nature and scope of audit and to ensure co-ordination where more than one (1) audit firm is involved;
- review and make recommendations to the Board concerning the External Auditors, the audit fees and any questions of appointment, resignation, suggestions of their dismissal or replacement;
- determine whether there is reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment;
- discuss problems and reservations arising from the interim and final audits, and any matter the auditors may wish to discuss (in the absence of management where necessary); and
- review the External Auditors' management letter and the management's responses thereto.

### c. Internal Audit

- review the effectiveness of the internal control systems and the findings of the Internal Auditors;
- review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work; and
- review any appraisal or assessment of the performance of members of the internal audit function.

### d. Internal Control

- assess the Group's processes and procedures for the purposes of compliance with all laws, regulations and rules, directives and guidelines established by the relevant regulatory bodies.

### e. Related Party Transactions and Recurrent Related Party Transactions

- review any related party transactions and recurrent related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises a question of management integrity.

### f. Employee Share Scheme

- verify any allocation of options pursuant to the Share Issuance Scheme and/or Share Grant Scheme at the end of the financial year as being in compliance with the criteria disclosed to the employees.

### g. Other Matters

- consider the major findings of internal investigations and the management's responses thereto;
- review the Company's business ethics and compliance with the requirements of the laws and, where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR, the Committee to promptly report such matter to the Securities Commission; and
- carry out any other duties and functions as may be mutually agreed upon by the Committee and the Board.

## MEETINGS

During the financial year ended ("FYE") 31 December 2012, the Committee held a total of six (6) meetings. The Chief Financial Officer and Group Accountant were invited to attend the AC Meetings during the financial year as requested by the AC to facilitate direct communication and to seek clarifications on some audit issues.

The details of attendance of AC Meetings during the financial year are as below:-

<b>Members</b>	<b>Total no. of meetings held during tenure of office</b>	<b>Total no. of meetings attended</b>
Mr Loo Choo Hong	6	6
Datuk Kamarudin bin Md. Ali	6	6
Mr Muk Sai Tat ( <i>appointed on 02.11.2012</i> )	1	1
Dato' Azizan bin Jaafar ( <i>ceased due to re-designation on 02.11.2012</i> )	5	5

## AUDIT COMMITTEE REPORT (CONT'D)

The representatives from the External Auditors attended one (1) AC meeting in 2012 to present the Audit Planning Memorandum and discuss with the AC new developments on accounting standards and regulatory requirements and the Group's adoption of the Malaysian Financial Reporting Standards.

The AC encouraged the External Auditors to raise with the AC any matter they considered important to bring to the AC's attention. The AC Chairman also sought information on the communication flow between the External Auditors and the management which was necessary to allow unrestricted access to information for the External Auditors to effectively perform their duties.

During the AC meetings, all deliberations including the issues tabled and the rationale adopted for decisions, were duly minuted. Minutes of the AC meetings were tabled for confirmation at the next following AC meeting. The AC Chairman presented the AC's recommendations together with the respective rationale to the Board for approval of the annual and quarterly financial statements. As and when necessary, the AC Chairman would convey to the Board matters of significant concern raised by the Internal or External Auditors.

### SUMMARY OF ACTIVITIES

During the FYE 31 December 2012, the activities undertaken by the AC comprised the followings:-

- appointed outsourced internal auditors;
- reviewed the unaudited quarterly financial results for the quarters ended 31 March 2012, 30 June 2012 and 30 September 2012 before recommending the same for the Board's approval;
- reviewed the Audit Planning Memorandum and discussed with the External Auditors their scope of work, the results of their examination, the auditors' report and management letters in relation to the audit and accounting issues arising from the audit, as well as new developments on accounting standards and regulatory requirements;
- reviewed the status of related party transactions and recurrent related party transactions entered into by the Group and its related parties;
- reviewed the Group's adoption of Malaysian Financial Reporting Standards and compliance with the accounting standards and regulatory requirements;
- reviewed and approved the Internal Control Review Report, Corporate Policy Manual, Risk Management Assessment and Documentation, Internal Audit Plan for 2012/2013 and Internal Audit Report; and
- appointed consultant to conduct an independent review on the internal control systems, corporate governance and risk practices of the Group to ensure that the same were in place, adequate, effective and in compliance with the MMLR and other relevant law and regulatory requirements.

### INTERNAL AUDIT FUNCTION

The outsourced internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care. Reporting directly to the AC, it provides the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function, the effectiveness of the system of internal control in the Group and that the internal control system is operating satisfactorily.

During the financial year, the Internal Auditors reviewed the Group's overall internal control systems, corporate governance and risk practices in connection with the listing of the Company on the Main Market of Bursa Securities, compliance with policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary.

The audits performed met the objective of highlighting to the AC the audit findings which required follow-up action by the management, any outstanding audit issues which required corrective action to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system. It ensured that these weaknesses were appropriately addressed and that recommendations from the Internal Audit Reports and corrective actions on reported weaknesses were taken appropriately within the required time frame by the management.

The total costs incurred for the outsourced internal audit function of the Group for the FYE 31 December 2012 amounted to RM46,781 (FYE 31 December 2011: Nil).

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements, the Board of Directors of Gabungan AQRS Berhad (“GAQRS”) is pleased to provide the following statement on the state of risk management and internal control of the Company and its subsidiaries (“the Group”). In producing this Statement, the Board has considered and was guided by the latest “Statement on Risk Management and Internal Control – Guideline for Directors of Listed Issuers” issued by the Task Force on Internal Control with the support and endorsement of the Exchange.

### BOARD RESPONSIBILITIES

The Board acknowledges that risk management is an integral part of corporate governance and believes that its focus on effective risk oversight is critical to set the right tone and culture towards effective risk management and internal control.

Principally, the responsibilities of the Board as provided in the Guideline, for the governance of risk and controls include:

- Embedding risk management in all aspects of the company’s activities;
- Approving the board’s acceptable risk appetite; and
- Reviewing the risk management framework, processes, responsibilities and assessing whether they provide reasonable assurance that risks are managed within tolerable ranges.

### RISK MANAGEMENT AND INTERNAL CONTROL

As a developer and contractor, the Group faces major challenges of land bank issues such as location, suitable right products, changes of government regulations, non-performance of subcontractors, shortage of skilled construction workers and materials, price increase in construction materials and natural disasters, which would lead to construction delays and cost overruns.

In order to address these issues, diligent selection of land; conduct of market research and feasibility study before the introduction of new project; detailed planning and budgeting prior to tendering for construction projects; close monitoring of costs and progress for on-going projects and contractor/subcontractor’s performance; safety and; adoption of strict quality control procedures; retention of quality employees with appropriate reward system are implemented by the executive management.

As it is, the Group’s risk management and execution is primarily driven by all Executive Directors and key management. The Executive Directors and key management identify, evaluate and manage significant risks facing the organisation in its business and operations. Monthly management meetings, involving the members of the key management were held within the Group to deliberate the business operations progress; various operation and financial information to CEO and Executive Directors for making informed business decision and sharing of information amongst the various departments and subsidiaries for further actions.

In term of the key control systems, the Group has defined management organisation chart outlining the management responsibilities and hierarchical structure of reporting lines and accountability. As part of delegation policy, approval and authority limits of the key management and heads of department are established and adhered to. Other aspects of key control in the Group are:

- i. Pre-evaluation of suppliers or sub-contractors or consultants before concluding supply or service;
- ii. Post-evaluation of suppliers or sub-contractors performance for future reference and selection;
- iii. Insurances covering fire insurance, burglary insurance, machine and equipment insurance, contractor all risk insurance, workmen’s compensation insurance and personal accident insurance to protect the assets and/or interests of the Group;
- iv. Verifications, reconciliation, review of operating performance and segregation of duties in the management functions of the Group;
- v. Implementation of ISO Quality Management System ISO 9001:2008 and OHSAS 18001:2007 for key subsidiaries in the project management processes to ensure compliance with customers’ security and safety requirements and minimisation of hazard risks during installation;

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

- vi. Legal advices are sought to ensure contractual risks are understood and managed before signing of major contracts or agreements;
- vii. Job descriptions for each position are established providing understanding to employees of their actions needed in discharging their responsibilities; and
- viii. Regular Safety and Health Committee meetings to enforce safety awareness at site.

### THE BOARD REVIEW MECHANISM

Presently, the independent review of the systems of internal control is undertaken by the Board through the Audit Committee. The Audit Committee solicits feedback on the adequacy of risk management and internal control from the internal auditors. The internal audit function is currently outsourced, is responsible to assess the effectiveness of the governance, risk management and internal control frameworks and facilitates enhancement, where appropriate.

Besides reviewing the systems of internal control, the Audit Committee also reviews the financial information and reports produced by the management. In this case, the Audit Committee in consultation with the management deliberates the integrity of the financial results, annual report and audited financial statements and solicits the observations of the from external auditor on risks and controls related to the financial statements before and after the completion of annual statutory financial audit.

### MANAGEMENT RESPONSIBILITIES AND ASSURANCE

The responsibilities of management in respect of risk management as provided in the Guideline include:

- Identify risks relevant to the business of the Group and the achievement of objectives and strategies;
- Design, implement and monitor the risk management actions in accordance with the Group's strategic objective and risk appetite; and
- Identify changes to risk or emerging risks, take actions as appropriate and report these to the attention of the Board.

In this regard, the Board has receive assurance from the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") that the company's risk management and internal control system is operating adequately and effectively, in all material aspects.

### Board Assurance and Limitation

For the financial year under review, the Board is satisfied that the existing level of systems of internal control and risk management are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control problem that would require separate disclosure in the Annual Report. Nonetheless, the Board recognises that systems of internal control and risk management should be continuously improved in line with the evolving business development. It is not the Group's objective to eliminate risks entirely. Therefore, the systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

### Review of Statement on Risk Management and Internal Control by External Auditor

As required by paragraph 15.23 of the Bursa Securities Listing Requirements, the external auditor has reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the review was performed in accordance with Recommended Practice Guide 5 issued by the Malaysian Institute of Accountants. Their review has been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group. RPG 5 does not require the external auditor to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. Based on their review, the external auditor has reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control of the Group.

# FINANCIAL CONTENTS

Directors' Report	32
Statement by Directors and Statutory Declaration	36
Independent Auditors' Report	37
Statements of Financial Position	39
Statements of Comprehensive Income	40
Statements of Changes in Equity	41
Statements of Cash Flows	43
Notes to the Financial Statements	45

## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### RESULTS

	Group RM	Company RM
Profit for the financial year		
Attributable to:		
Owners of the parent	21,613,143	5,741,214
Non-controlling interests	697,042	-
	<u>22,310,185</u>	<u>5,741,214</u>

### DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Directors propose a first and final single tier dividend of 1.56 sen per ordinary share, amounting to RM5,546,112 in respect of the financial year ended 31 December 2012, subject to the approval of members at the forthcoming Annual General Meeting.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM73,380,000 to RM88,880,000 by way of initial public offering ('IPO') at an issue price of RM1.18 per ordinary share, as follows:

- (i) issuance of 18,000,000 new ordinary shares of RM0.25 each for application by the public;
- (ii) issuance of 6,000,000 new ordinary shares of RM0.25 each for application by the eligible directors and employees of the Company and its subsidiaries;
- (iii) issuance of 32,000,000 new ordinary shares of RM0.25 each by way of private placement to selected investors; and
- (iv) issuance of 6,000,000 new ordinary shares of RM0.25 each by way of private placement to bumiputera investors approved by the Ministry of International Trade and Industry.

The newly issued shares rank *pari passu* in all respects with the existing shares of the Company. There were no other issues of shares during the financial year. There were also no issues of debentures during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

**DIRECTORS**

The Directors who have held office since the date of last report are:

Badil Zaman Bin Fazul Rahman  
 Dato' Azizan Bin Jaafar  
 Datuk Kamarudin Bin Md. Ali  
 Meriah Binti Nasibi  
 Ng Chun Kooi  
 Ng Kit Heng  
 Ow Chee Cheoon  
 Saaban Bin Mohamed Sidik  
 Loo Choo Hong  
 Muk Sai Tat

(Appointed on 2 November 2012)

**DIRECTORS' INTERESTS**

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares in the Company during the financial year ended 31 December 2012 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, were as follows:

Shares in the Company	Number of ordinary shares of RM0.25 each			Balance as at 31.12.2012
	Balance as at 1.1.2012	Bought	Sold	
<u>Direct interests</u>				
Meriah Binti Nasibi	39,263,996	-	(3,757,396)	35,506,600
Ng Chun Kooi	39,263,996	-	(3,857,404)	35,406,592
Ng Kit Heng	17,230,002	-	(1,654,002)	15,576,000
Ow Chee Cheoon	17,230,002	-	(1,654,002)	15,576,000
Badil Zaman Bin Fazul Rahman	-	500,000	-	500,000
Dato' Azizan Bin Jaafar	-	200,000	-	200,000
Loo Choo Hong	-	100,000	-	100,000
Saaban Bin Mohamed Sidik	-	50,000	-	50,000
<u>Indirect interests</u>				
Ng Chun Kooi	-	72,066,566	(7,287,666)	64,778,900

By virtue of his interests in the ordinary shares of the Company, Ng Chun Kooi is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares of the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of those transactions as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## **DIRECTORS' REPORT (CONT'D)**

### **OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**

#### **(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, except for the reversal of impairment loss on land held for property development of the Group amounting to RM1,208,394 as disclosed in Note 26 to the financial statements, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

#### **(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; and
  - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

#### **(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (a) On 16 January 2012, the Company acquired the entire issued and paid up share capital of Broad Virtual Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (b) On 16 April 2012, a subsidiary, AQRS The Building Company Sdn. Bhd. entered into a sale and purchase agreement with Ow Chee Cheoon and Ng Kit Heng, Directors of the Company, to purchase a parcel of leasehold land situated at Mukim Petaling, Selangor for RM23,970,000.
- (c) On 27 July 2012, the Company was listed on the Main Market of Bursa Malaysia Securities Berhad and made an IPO of 62,000,000 shares of RM0.25 each at an issue price of RM1.18 per ordinary share. The total proceeds from the IPO was RM73,160,000.

### SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

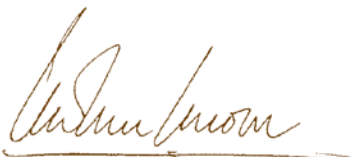
- (a) On 19 February 2013, a subsidiary, Prestige Field Development Sdn. Bhd. entered into a Sale and Purchase Agreement with Menteri Besar Selangor (Incorporated) to acquire a piece of land measuring approximately 30.11 acres in Lestari Perdana, Mukim of Petaling, Daerah Petaling for a total cash consideration of RM55,220,000.
- (b) On 5 March 2013, the Company acquired the entire issued and paid up share capital of Sinajasa Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.
- (c) On 6 March 2013, Sinajasa Sdn. Bhd. entered into a Share Sale Agreement with Sabah Economic Development Corporation to acquire 49% of the equity interest in Associated Concrete Products (Sabah) Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM3,469,200.
- (d) On 8 April 2013, a subsidiary, Grand Meridian Development Sdn. Bhd. entered into a conditional Sale and Purchase Agreement with Ocean Mix Sdn. Bhd. for the disposal of freehold land classified under investment property for a total cash consideration of RM50,000,000.
- (e) On 23 April 2013, the Board of Directors announced the following proposals:
  - (i) proposed bonus issue of 159,984,000 free warrants in the Company on the basis of nine warrants for every twenty existing ordinary shares of RM0.25 each in the Company held on entitlement date to be determined later;
  - (ii) proposed increase in the authorised share capital of the Company from RM100,000,000 to RM500,000,000; and
  - (iii) proposed amendments to the Memorandum and Articles of Association of the Company.

The above proposals are subject to the approvals of Bursa Malaysia Securities Berhad, Bank Negara Malaysia, shareholders and any other relevant authorities (if applicable).

### AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors.



**Ow Chee Cheoon**  
Director



**Ng Chun Kooi**  
Director

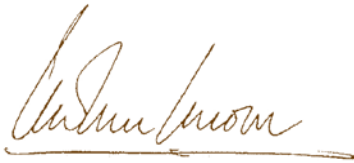
Kuala Lumpur  
23 April 2013

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 39 to 96 have been drawn up in accordance with applicable approved Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 38 on page 97 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,



**Ow Chee Cheoon**  
Director



**Ng Chun Kooi**  
Director

Kuala Lumpur  
23 April 2013

## STATUTORY DECLARATION

I, Bernard Lim Soon Chiang, being the officer primarily responsible for the financial management of Gabungan AQRS Berhad, do solemnly and sincerely declare that the financial statements set out on pages 39 to 96 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Kuala Lumpur this )  
23 April 2013 )



Before me:



Suite 8.0c, 8th Flr., Wisma Sime Darby,  
Jalan Raja Laut,  
50350 Kuala Lumpur

## **Report on the Financial Statements**

We have audited the financial statements of Gabungan AQRS Berhad, which comprise statements of financial position as at 31 December 2012 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 96.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF GABUNGAN AQRS BERHAD  
(INCORPORATED IN MALAYSIA) (CONT'D)**

**Other Reporting Responsibilities**

The supplementary information set out in Note 38 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**BDO**  
AF : 0206  
Chartered Accountants

Kuala Lumpur  
23 April 2013



**Lim Seng Siew**  
2894/08/13 (J)  
Chartered Accountant

**STATEMENTS OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7	11,168,140	8,485,439	-	-
Land held for property development	8	-	31,581,833	-	-
Investment property	9	32,377,589	-	-	-
Investments in subsidiaries	10	-	-	71,014,631	73,639,998
Other investments	11	2,115	2,115	-	-
Deferred tax assets	12	2,727,628	-	-	-
		46,275,472	40,069,387	71,014,631	73,639,998
<b>Current assets</b>					
Property development costs	13	156,459,943	113,214,834	-	-
Trade and other receivables	14	189,995,332	204,224,754	39,196,789	9,371,436
Current tax assets		3,302,937	-	-	-
Cash and cash equivalents	15	90,000,936	50,954,974	38,366,661	1,273,658
		439,759,148	368,394,562	77,563,450	10,645,094
<b>TOTAL ASSETS</b>		<b>486,034,620</b>	<b>408,463,949</b>	<b>148,578,081</b>	<b>84,285,092</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	16	88,880,000	73,380,000	88,880,000	73,380,000
Reserves	17	126,530,473	48,876,759	58,697,246	(3,084,539)
		215,410,473	122,256,759	147,577,246	70,295,461
Non-controlling interests		2,149,471	1,452,429	-	-
<b>TOTAL EQUITY</b>		<b>217,559,944</b>	<b>123,709,188</b>	<b>147,577,246</b>	<b>70,295,461</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	18	14,663,910	28,998,844	-	-
Deferred tax liabilities	12	2,393,051	2,241,313	-	-
		17,056,961	31,240,157	-	-
<b>Current liabilities</b>					
Trade and other payables	20	197,270,053	197,782,139	1,000,835	13,989,631
Borrowings	18	49,290,702	38,748,778	-	-
Current tax liabilities		4,856,960	16,983,687	-	-
		251,417,715	253,514,604	1,000,835	13,989,631
<b>TOTAL LIABILITIES</b>		<b>268,474,676</b>	<b>284,754,761</b>	<b>1,000,835</b>	<b>13,989,631</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>486,034,620</b>	<b>408,463,949</b>	<b>148,578,081</b>	<b>84,285,092</b>

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	Note	Group		Company	
		1.1.2012 to 31.12.2012 RM	8.8.2011 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.1.2011 to 31.12.2011 RM
Revenue	24	319,527,456	236,793,536	13,900,000	-
Cost of sales	25	(248,933,919)	(162,687,494)	-	-
Gross profit		70,593,537	74,106,042	13,900,000	-
Other income		2,987,188	12,379,081	537,552	25,656
Operating costs		(36,788,302)	(16,214,711)	(7,673,862)	(2,201,051)
Finance costs		(4,900,051)	(2,168,730)	-	-
Profit/(Loss) before tax	26	31,892,372	68,101,682	6,763,690	(2,175,395)
Tax expense	27	(9,582,187)	(17,094,785)	(1,022,476)	-
Profit/(Loss) for the financial year/period		22,310,185	51,006,897	5,741,214	(2,175,395)
Other comprehensive income		-	-	-	-
Total comprehensive income/(loss) for the financial year/period		22,310,185	51,006,897	5,741,214	(2,175,395)
Attributable to:					
Owners of the parent		21,613,143	49,785,903	5,741,214	(2,175,395)
Non-controlling interests		697,042	1,220,994	-	-
		22,310,185	51,006,897	5,741,214	(2,175,395)
Earnings per ordinary share attributable to owners of the parent (sen)					
Basic and diluted	28	6.75	42.40	-	-

The accompanying notes form an integral part of the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Group	Note	Non-distributable		Distributable		Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		Share capital RM	Share premium RM	Retained earnings RM	Retained earnings RM			
Balance as at 8 August 2011		2		(909,144)		(909,142)	-	(909,142)
Profit for the financial year		-		49,785,903		49,785,903	1,220,994	51,006,897
Total comprehensive income		-		49,785,903		49,785,903	1,220,994	51,006,897
<b>Transactions with owners</b>								
Issuance of new ordinary shares pursuant to acquisition of subsidiaries	29	73,379,998		-		73,379,998	-	73,379,998
Non-controlling interest arising on business combinations		-		-		-	231,435	231,435
Total transactions with owners		73,379,998		-		73,379,998	231,435	73,611,433
Balance as at 31 December 2011		73,380,000		48,876,759		122,256,759	1,452,429	123,709,188

Group	Note	Non-distributable		Distributable		Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
		Share capital RM	Share premium RM	Retained earnings RM	Retained earnings RM			
Balance as at 1 January 2012		73,380,000		48,876,759		122,256,759	1,452,429	123,709,188
Profit for the financial year		-		-		21,613,143	697,042	22,310,185
Total comprehensive income		-		-		21,613,143	697,042	22,310,185
<b>Transactions with owners</b>								
Issuance of new ordinary shares pursuant to public issue	16	15,500,000	57,660,000	-		73,160,000	-	73,160,000
Share issue expenses		-	(1,619,429)	-		(1,619,429)	-	(1,619,429)
Total transactions with owners		15,500,000	56,040,571	-		71,540,571	-	71,540,571
Balance as at 31 December 2012		88,880,000	56,040,571	70,489,902		215,410,473	2,149,471	217,559,944

The accompanying notes form an integral part of the financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

Company	Note	Share capital RM	Share premium RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
Balance as at 1 January 2011		2	-	(909,144)	(909,142)
Loss for the financial year		-	-	(2,175,395)	(2,175,395)
Total comprehensive income		-	-	(2,175,395)	(2,175,395)
<b>Transaction with owners</b>					
Issuance of new ordinary shares pursuant to acquisition of subsidiaries	29	73,379,998	-	-	73,379,998
Total transaction with owners		73,379,998	-	-	73,379,998
Balance as at 31 December 2011		73,380,000	-	(3,084,539)	70,295,461
Balance as at 1 January 2012		73,380,000	-	(3,084,539)	70,295,461
Profit for the financial year		-	-	5,741,214	5,741,214
Total comprehensive income		-	-	5,741,214	5,741,214
<b>Transactions with owners</b>					
Issuance of ordinary shares pursuant to public issue	16	15,500,000	57,660,000	-	73,160,000
Share issue expenses		-	(1,619,429)	-	(1,619,429)
Total transactions with owners		15,500,000	56,040,571	-	71,540,571
Balances as at 31 December 2012		88,880,000	56,040,571	2,656,675	147,577,246

The accompanying notes form an integral part of the financial statements.

**STATEMENTS OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group		Company	
		1.1.2012 to 31.12.2012 RM	8.8.2011 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.1.2011 to 31.12.2011 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		31,892,372	68,101,682	6,763,690	(2,175,395)
Adjustments for:					
Depreciation of property, plant and equipment	7	1,943,668	627,686	-	-
Deposit written off		25,000	-	25,000	-
Development cost written off	8	412,638	-	-	-
Dividend income		-	-	(13,900,000)	-
Gain on bargain purchase	29	-	(11,513,210)	-	-
Gain on disposal of property, plant and equipment		(209,493)	(146,750)	-	-
Impairment losses on:					
- investment in a subsidiary	10	-	-	2,625,369	-
- other investments		-	3,285	-	-
- trade receivables	14(e)	39,996	-	-	-
Interest expense		3,464,508	2,314,766	-	-
Interest income		(1,620,920)	(567,293)	(537,552)	-
Property, plant and equipment written off	7	253	1,432	-	-
Reversal of impairment loss on land held for property development	8	(1,208,394)	-	-	-
Operating profit/(loss) before changes in working capital		34,739,628	58,821,598	(5,023,493)	(2,175,395)
Changes in working capital:					
Property development costs		(43,245,109)	(17,253,006)	-	-
Trade and other receivables		14,164,426	(41,018,245)	(54,266)	(25,000)
Trade and other payables		(512,086)	29,957,946	818,038	(726,347)
Cash generated from/(used in) operations		5,146,859	30,508,293	(4,259,721)	(2,926,742)
Interest paid		(3,278,883)	(2,262,770)	-	-
Interest received		1,620,920	567,293	537,552	-
Tax paid		(27,603,227)	(6,699,660)	(6,094)	-
Tax refunded		15,486	706,947	-	-
Net cash (used in)/from operating activities		(24,098,845)	22,820,103	(3,728,263)	(2,926,742)

**STATEMENTS OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)**

	Note	Group		Company	
		1.1.2012 to 31.12.2012 RM	8.8.2011 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.1.2011 to 31.12.2011 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Advances to subsidiaries		-	-	(29,796,087)	(9,346,436)
Acquisition of subsidiaries for cash, net of cash acquired	29	-	(12,779,009)	(2)	(52,000)
Acquisition of additional interest in a subsidiary		-	-	-	(208,000)
Dividends received		-	-	12,883,618	-
Proceeds from disposal of property, plant and equipment		463,000	201,500	-	-
Purchase of property, plant and equipment	7	(2,504,129)	(788,293)	-	-
(Repayments to)/Advances from subsidiaries		-	-	(13,806,834)	13,806,834
Net cash (used in)/from investing activities		(2,041,129)	(13,365,802)	(30,719,305)	4,200,398
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest paid		(185,625)	(51,996)	-	-
Proceeds from issuance of shares	35(c)	73,160,000	-	73,160,000	-
Payments of share issue expenses (Placement)/Withdrawal of fixed deposits pledged		(1,619,429)	-	(1,619,429)	-
(Repayment)/Drawdown of bridging loan		(10,770,281)	3,531,679	-	-
Repayments of term loans		(10,981,572)	454,215	-	-
Repayments of term loans		(5,342,448)	(5,691,165)	-	-
Repayments to hire-purchase creditors		(913,621)	(87,563)	-	-
Net cash from/(used in) financing activities		43,347,024	(1,844,830)	71,540,571	-
Net increase in cash and cash equivalents		17,207,050	7,609,471	37,093,003	1,273,656
Cash and cash equivalents at beginning of financial year/period		7,609,473	2	1,273,658	2
Cash and cash equivalents at end of financial year/period	15	24,816,523	7,609,473	38,366,661	1,273,658

The accompanying notes form an integral part of the financial statements.

## **1. CORPORATE INFORMATION**

Gabungan AQRS Berhad (the 'Company') is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The principal place of business of the Company is located at Lot 33-G, Block D, Jalan Teknologi 3/9, Bistari De' Kota, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2012 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 23 April 2013.

## **2. PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## **3. BASIS OF PREPARATION**

The financial statements of the Group and of the Company set out on pages 39 to 96 have been prepared in accordance with Financial Reporting Standards ('FRSs') and the requirements of the Companies Act, 1965 in Malaysia.

However, Note 38 to the financial statements set out on page 97 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

### **4.1 Basis of accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with FRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

### **4.2 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2012 (CONT'D)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.2 Basis of consolidation (cont'd)

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the other entities in the Group.

Non-controlling interests represent the equity in subsidiaries that are not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

##### 4.3 Business combinations

###### Business combinations from 1 July 2010 onwards

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 112 *Income Taxes* and FRS 119 *Employee Benefits* respectively;

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.3 Business combinations (cont'd)

- (b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and
- (c) assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 4.10 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

##### Business combinations before 1 July 2010

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Note 4.10 to the financial statements on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

When a business combination includes more than one exchange transaction, any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable. The cost of self-constructed assets also includes the cost of materials and direct labour.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Leasehold land and building	2%
Electronic Data Processing ('EDP') equipment	20%
Furniture and fittings	8% to 10%
Motor vehicles	20%
Office and computer equipment	10% to 40%
Operation and construction equipment	10% to 20%
Plant, machinery and cabins	10% to 15%
Signboard	10%

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 4.13 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

#### 4.5 Leases and hire-purchase

##### (a) Finance leases and hire-purchase

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.5 Leases and hire-purchase (cont'd)**

(a) Finance leases and hire-purchase (cont'd)

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

(b) Operating lease

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

(c) Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

**4.6 Property development activities**

(a) Land held for property development

Land held for property development is stated at cost less impairment losses, if any. Such land is classified as non-current asset when no significant development work has been carried out or where development activities are not expected to be completed within the normal operating cycle.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(b) Property development costs

Property development costs comprise all cost that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities. They comprise the cost of land under development, construction costs and other related development costs common to the whole project including professional fees, stamp duties, commissions, conversion fees and other relevant levies as well as borrowing costs.

Property development costs not recognised as an expense are recognised as an asset measured at the lower of cost and net realisable value.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2012 (CONT'D)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.6 Property development activities (cont'd)

###### (b) Property development costs (cont'd)

When revenue recognised in the profit or loss exceeds progress billings to purchasers, the balance is classified as accrued billings under current assets. When progress billings exceed revenue recognised in the profit or loss, the balance is classified as progress billings under current liabilities.

##### 4.7 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract work.

##### 4.8 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, which includes transaction costs.

Investment properties are stated at cost less accumulated depreciation and any impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 4.4 to the financial statements.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

##### 4.9 Investments in subsidiaries

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated in the Company's separate financial statements at cost. Investments accounted for at cost shall be accounted for in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with FRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.10 Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions or significantly lowered projections of profitability or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### 4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statement of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only if the economic characteristics and risks of the embedded derivative is not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms as the embedded derivative meets the definition of a derivative, and the hybrid instrument is not measured at fair value through profit or loss.

###### (a) Financial assets

A financial asset is classified into the following four categories after initial recognition for the purpose of subsequent measurement:

###### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets that are held for trading (i.e. financial assets acquired principally for the purpose of resale in the near term), derivatives (both, freestanding and embedded) and financial assets that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial assets classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial assets classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2012 (CONT'D)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.11 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(i) Financial assets at fair value through profit or loss (continued)

However, derivatives that is linked to and must be settled by delivery of unquoted equity instruments that do not have a quoted market price in an active market are recognised at cost.

(ii) Held-to-maturity investments

Financial assets classified as held-to-maturity comprise non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity.

Subsequent to initial recognition, financial assets classified as held-to-maturity are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iii) Loans and receivables

Financial assets classified as loans and receivables comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, financial assets classified as loans and receivables are measured at amortised cost using the effective interest method. Gains or losses on financial assets classified as loans and receivables are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

Financial assets classified as available-for-sale comprise non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Subsequent to initial recognition, financial assets classified as available-for-sale are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised directly in other comprehensive income, except for impairment losses and foreign exchange gains and losses, until the financial asset is derecognised, at which time the cumulative gains or losses previously recognised in other comprehensive income are recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss whilst dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

Cash and cash equivalents include cash and bank balances, bank overdrafts, fixed deposits pledged to financial institutions, deposits and other short term, highly liquid investments with original maturities of three months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

A financial asset is derecognised when the contractual right to receive cash flows from the financial asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised directly in other comprehensive income shall be recognised in profit or loss.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.11 Financial instruments (cont'd)

###### (b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two categories after initial recognition for the purpose of subsequent measurement:

###### (i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss comprise financial liabilities that are held for trading, derivatives (both, freestanding and embedded) and financial liabilities that were specifically designated into this classification upon initial recognition.

Subsequent to initial recognition, financial liabilities classified as at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in the fair value of financial liabilities classified as at fair value through profit or loss are recognised in profit or loss. Net gains or losses on financial liabilities classified as at fair value through profit or loss exclude foreign exchange gains and losses, interest and dividend income. Such income is recognised separately in profit or loss as components of other income or other operating losses.

###### (ii) Other financial liabilities

Financial liabilities classified as other financial liabilities comprise non-derivative financial liabilities that are neither held for trading nor initially designated as at fair value through profit or loss.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains or losses on other financial liabilities are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted as insurance contracts as defined in FRS 4 Insurance Contracts. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of every reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2012 (CONT'D)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.11 Financial instruments (cont'd)

###### (c) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting date and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the liability in profit or loss.

##### 4.12 Impairment of financial assets

The Group assesses whether there is any objective evidence that a financial asset is impaired at the end of each reporting period.

###### (i) Loans and receivables

The Group collectively considers factors such as the probability of bankruptcy or significant financial difficulties of the receivable, and default or significant delay in payments by the receivable, to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

If any such objective evidence exists, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of loans and receivables is reduced through the use of an allowance account.

If in a subsequent period, the amount of the impairment loss decreases and it objectively relates to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of impairment reversed is recognised in profit or loss.

###### (ii) Available-for sale financial assets

The Group collectively considers factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market as objective evidence that available-for-sale financial assets are impaired.

If any such objective evidence exists, an amount comprising the difference between the financial asset's cost (net of any principal payment and amortisation) and current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.12 Impairment of financial assets (cont'd)

(ii) Available-for sale financial assets (cont'd)

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Instead, any increase in the fair value subsequent to the impairment loss is recognised in other comprehensive income.

Impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if the increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

##### 4.13 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), deferred tax assets, assets arising from construction contract and property development costs, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the Group's CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with FRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU. The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 4.15 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, and real property gains taxes payable on disposal of properties, if any.

(a) Current tax

Current tax expenses are determined according to the tax laws include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profits will be available, such reductions will be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) the same taxable entity; or
- (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have substantial effect of actual enactment by the end of the reporting period.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.16 Provisions**

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

##### **4.17 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

##### **4.18 Employee benefits**

###### **(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

###### **(b) Defined contribution plan**

The Company and its subsidiaries make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

##### **4.19 Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2012 (CONT'D)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.19 Revenue recognition (cont'd)

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Property development

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the end of the reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

(b) Construction contracts

Contract revenue and expenses are recognised in the statement of comprehensive income in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

(c) Interest income

Interest income is recognised as it accrues, using the effective interest method.

(d) Rental income

Rental income is recognised on an accrual basis.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.20 Operating segments**

Operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten per cent or more of the greater, in absolute amount of:
  - (i) The combined reported profit of all operating segments that did not report a loss; and
  - (ii) The combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy five percent of the Group's revenue. Operating segments identified as reportable segments in the current financial period in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

##### **4.21 Earnings per share**

- (a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

- (b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

#### **5. ADOPTION OF NEW FRSs**

##### **5.1 New FRSs adopted during the current financial year**

The Group and Company adopted the following accounting standards and amendments of the FRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012 (CONT'D)**

**5. ADOPTION OF NEW FRSs (CONT'D)**

**5.1 New FRSs adopted during the current financial year (cont'd)**

Title	Effective Date
Amendments to FRS 1 <i>Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>	1 January 2012
Amendments to FRS 7 <i>Disclosures - Transfer of Financial Assets</i>	1 January 2012
Amendments to FRS 112 <i>Deferred Tax: Recovery of Underlying Assets</i>	1 January 2012
FRS 124 <i>Related Party Disclosures</i>	1 January 2012

There is no impact upon adoption of the above accounting standards and amendments during the current financial year.

**5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2013**

The following are accounting standards, amendments and interpretations of the FRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been adopted by the Group and the Company.

Title	Effective Date
Amendments to FRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 July 2012
FRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
FRS 11 <i>Joint Arrangements</i>	1 January 2013
FRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
FRS 13 <i>Fair Value Measurement</i>	1 January 2013
FRS 119 <i>Employee Benefits (revised)</i>	1 January 2013
FRS 127 <i>Separate Financial Statements</i>	1 January 2013
FRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2013
Amendments to FRS 1 <i>Government Loans</i>	1 January 2013
Amendments to FRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to FRSs <i>Annual Improvements 2009 - 2011 Cycle</i>	1 January 2013
Amendments to FRS 10, FRS 11 and FRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
FRS 3 <i>Business Combinations</i> (as issued by the International Accounting Standards Board ('IASB') in March 2004)	1 January 2013
FRS 127 <i>Consolidated and Separate Financial Statements</i> (as issued by the IASB in December 2003)	1 January 2013
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to FRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
<i>Mandatory Effective Date of FRS 9 and Transition Disclosures</i>	1 January 2015
FRS 9 <i>Financial Instruments</i>	1 January 2015

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

**5. ADOPTION OF NEW FRSS (CONT'D)**

**5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year**

The Group has yet to adopt the following accounting standards, amendments and interpretations of the Malaysian Financial Reporting Standards ('MFRS') Framework that were issued by the MASB during the financial year.

<b>Title</b>	<b>Effective Date</b>
MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2014
Amendments to MFRS 1 <i>Government Loans</i>	1 January 2014
MFRS 2 <i>Share-based Payment</i>	1 January 2014
MFRS 3 <i>Business Combinations</i>	1 January 2014
MFRS 4 <i>Insurance Contracts</i>	1 January 2014
MFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2014
MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2014
MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2014
Amendments to MFRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
MFRS 8 <i>Operating Segments</i>	1 January 2014
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	1 January 2014
MFRS 9 <i>Financial Instruments</i>	1 January 2015
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2014
MFRS 11 <i>Joint Arrangements</i>	1 January 2014
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2014
MFRS 13 <i>Fair Value Measurement</i>	1 January 2014
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127 <i>Investment Entities</i>	1 January 2014
MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2014
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 January 2014
MFRS 102 <i>Inventories</i>	1 January 2014
MFRS 107 <i>Statement of Cash Flows</i>	1 January 2014
MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2014
MFRS 110 <i>Events After the Reporting Period</i>	1 January 2014
MFRS 111 <i>Construction Contracts</i>	1 January 2014
MFRS 112 <i>Income Taxes</i>	1 January 2014
MFRS 116 <i>Property, Plant and Equipment</i>	1 January 2014
MFRS 117 <i>Leases</i>	1 January 2014
MFRS 118 <i>Revenue</i>	1 January 2014
MFRS 119 <i>Employee Benefits</i>	1 January 2014
MFRS 119 <i>Employee Benefits (revised)</i>	1 January 2014
MFRS 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 January 2014
MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 January 2014
MFRS 123 <i>Borrowing Costs</i>	1 January 2014
MFRS 124 <i>Related Party Disclosures</i>	1 January 2014
MFRS 126 <i>Accounting and Reporting by Retirement Benefit Plans</i>	1 January 2014
MFRS 127 <i>Separate Financial Statements</i>	1 January 2014
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2014
MFRS 129 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
MFRS 132 <i>Financial Instruments: Presentation</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
MFRS 133 <i>Earnings Per Share</i>	1 January 2014
MFRS 134 <i>Interim Financial Reporting</i>	1 January 2014

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (CONT'D)

### 5. ADOPTION OF NEW FRSS (CONT'D)

#### 5.3 New MFRSs that have been issued, but have yet to be adopted during the current financial year (cont'd)

The Group has yet to adopt the following accounting standards, amendments and interpretations of the Malaysian Financial Reporting Standards ('MFRS') Framework that were issued by the MASB during the financial year (cont'd).

Title	Effective Date
MFRS 136 <i>Impairment of Assets</i>	1 January 2014
MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2014
MFRS 138 <i>Intangible Assets</i>	1 January 2014
MFRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2014
MFRS 140 <i>Investment Property</i>	1 January 2014
MFRS 141 <i>Agriculture</i>	1 January 2014
Amendments to MFRSs <i>Annual Improvements 2009 - 2011 Cycle</i>	1 January 2014
Improvements to MFRSs (2008)	1 January 2014
Improvements to MFRSs (2009)	1 January 2014
Improvements to MFRSs (2010)	1 January 2014
IC Interpretation 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 January 2014
IC Interpretation 2 <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 January 2014
IC Interpretation 4 <i>Determining Whether an Arrangement Contains a Lease</i>	1 January 2014
IC Interpretation 5 <i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 January 2014
IC Interpretation 6 <i>Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment</i>	1 January 2014
IC Interpretation 7 <i>Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies</i>	1 January 2014
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2014
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2014
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 January 2014
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2014
IC Interpretation 14 <i>MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2014
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2014
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 January 2014
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 January 2014
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2014
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2014
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2014
IC Interpretation 107 <i>Introduction of the Euro</i>	1 January 2014
IC Interpretation 110 <i>Government Assistance - No Specific Relation to Operating Activities</i>	1 January 2014
IC Interpretation 112 <i>Consolidation - Special Purpose Entities</i>	1 January 2014
IC Interpretation 113 <i>Jointly Controlled Entities - Non-Monetary Contributions by Venturers</i>	1 January 2014
IC Interpretation 115 <i>Operating Leases - Incentives</i>	1 January 2014
IC Interpretation 125 <i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>	1 January 2014
IC Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	1 January 2014
IC Interpretation 129 <i>Service Concession Arrangements: Disclosures</i>	1 January 2014
IC Interpretation 131 <i>Revenue - Barter Transactions Involving Advertising Services</i>	1 January 2014
IC Interpretation 132 <i>Intangible Assets - Web Site Costs</i>	1 January 2014

The Group is in the process of assessing the impact of implementing these accounting standards, amendments and interpretations, since the effects would only be observable for the future financial years.

## **6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

### **6.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

### **6.2 Critical judgements made in applying accounting policies**

There are no critical judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

### **6.3 Key sources of estimation uncertainty**

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Useful lives and depreciation of property, plant and equipment

The Group estimates the useful lives of property, plant and equipment at the time the assets are acquired based on historical experience, the expected usage, wear and tear of the assets, and technical obsolescence arising from changes in the market demands or service output of the assets. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to changes in factors mentioned above. Changes in these factors could impact the useful lives and the residual values of the assets, therefore future depreciation charges could be revised.

(b) Impairment on receivables

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

(c) Property development

The Group recognises property development revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development/construction costs.

Significant judgements are required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgements, the Group evaluates based on past experience and by relying on the work of specialists.

(d) Construction

The Group recognises construction revenue and expenses in the statement of comprehensive income by using the percentage of completion method. The stage of completion is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2012 (CONT'D)

#### 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### 6.3 Key sources of estimation uncertainty (cont'd)

(d) Construction (cont'd)

Significant judgements are required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects and determination of liquidated and ascertained damages. In making the judgements, the Group evaluates based on past experience and by relying on the work of specialists.

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. Sensitivity analysis of the effects of interest rate risk has been disclosed in Note 34 to the financial statements.

(f) Income taxes

Significant judgement is required in determining the provision for income taxes. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income and deferred tax provisions in the period in which such determination is made.

(g) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are not probable.

(h) Impairment of investments in subsidiaries and amounts owing by subsidiaries

The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts owing by subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts owing by subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2012 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2012 RM
<b>Carrying amount</b>						
Leasehold land and building	2,588,474	-	(169,275)	-	(52,667)	2,366,532
EDP equipment	172,116	604,044	-	-	(92,086)	684,074
Furniture and fittings	479,768	815,668	-	(170)	(120,222)	1,175,044
Motor vehicles	4,104,408	2,656,357	(84,232)	-	(1,236,876)	5,439,657
Office and computer equipment	410,204	460,660	-	(83)	(142,352)	728,429
Operation and construction equipment	517,385	299,628	-	-	(246,739)	570,274
Plant, machinery and cabins	212,934	43,772	-	-	(52,676)	204,030
Signboard	150	-	-	-	(50)	100
	<u>8,485,439</u>	<u>4,880,129</u>	<u>(253,507)</u>	<u>(253)</u>	<u>(1,943,668)</u>	<u>11,168,140</u>

Group	At 31.12.2012		Carrying amount RM
	Cost RM	Accumulated depreciation RM	
<b>Carrying amount</b>			
Leasehold land and building	2,496,124	(129,592)	2,366,532
EDP equipment	1,087,324	(403,250)	684,074
Furniture and fittings	1,753,420	(578,376)	1,175,044
Motor vehicles	9,062,451	(3,622,794)	5,439,657
Office and computer equipment	1,946,201	(1,217,772)	728,429
Operation and construction equipment	1,890,442	(1,320,168)	570,274
Plant, machinery and cabins	498,897	(294,867)	204,030
Signboard	500	(400)	100
	<u>18,735,359</u>	<u>(7,567,219)</u>	<u>11,168,140</u>

Group	Balance as at 8.8.2011 RM	Additions RM	Acquisition of subsidiaries (Note 29) RM	Disposals RM	Written off RM	Depreciation charge for the financial period RM	Balance as at 31.12.2011 RM
<b>Carrying amount</b>							
Leasehold land and building	-	-	2,631,905	-	-	(43,431)	2,588,474
EDP equipment	-	72,328	119,998	-	-	(20,210)	172,116
Furniture and fittings	-	15,648	497,841	-	(727)	(32,995)	479,767
Motor vehicles	-	2,614,964	1,915,360	(54,750)	-	(371,163)	4,104,411
Office and computer equipment	-	77,443	387,135	-	(705)	(53,672)	410,201
Operation and construction equipment	-	63,866	542,145	-	-	(88,625)	517,386
Plant, machinery and cabins	-	83,544	146,959	-	-	(17,569)	212,934
Signboard	-	-	171	-	-	(21)	150
	<u>-</u>	<u>2,927,793</u>	<u>6,241,514</u>	<u>(54,750)</u>	<u>(1,432)</u>	<u>(627,686)</u>	<u>8,485,439</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2012 (CONT'D)

**7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Group	At 31.12.2011		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
<b>Carrying amount</b>			
Leasehold land and building	2,631,905	(43,431)	2,588,474
EDP equipment	483,280	(311,164)	172,116
Furniture and fittings	938,052	(458,285)	479,767
Motor vehicles	6,676,776	(2,572,365)	4,104,411
Office and computer equipment	1,486,508	(1,076,307)	410,201
Operation and construction equipment	1,590,815	(1,073,429)	517,386
Plant, machinery and cabins	455,125	(242,191)	212,934
Signboard	500	(350)	150
	<u>14,262,961</u>	<u>(5,777,522)</u>	<u>8,485,439</u>

- (a) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2012 RM	2011 RM
Purchase of property, plant and equipment	4,880,129	2,927,793
Financed by hire-purchase arrangements	<u>(2,376,000)</u>	<u>(2,139,500)</u>
Cash payments on purchase of property, plant and equipment	<u>2,504,129</u>	<u>788,293</u>

- (b) As at 31 December 2012, the carrying amount of the property, plant and equipment of the Group under hire-purchase arrangements is as follows:

	Group	
	2012 RM	2011 RM
Motor vehicles	<u>4,339,697</u>	<u>4,017,408</u>

- (c) Leasehold land and building amounting to RM2,220,843 (2011: RM2,269,120) are charged to a financial institution for term loan and bank overdraft facilities granted to the Group (Note 18).

**8. LAND HELD FOR PROPERTY DEVELOPMENT**

Group	Balance as at 1.1.2012	Development cost written off	Reversal of impairment loss	Reclassification to investment property (Note 9)	Balance as at 31.12.2012
	RM	RM	RM	RM	RM
<b>2012</b>					
<b>Carrying amount</b>					
Freehold land	<u>31,581,833</u>	<u>(412,638)</u>	<u>1,208,394</u>	<u>(32,377,589)</u>	<u>-</u>

**8. LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)**

2011	Balance as at 8.8.2011 RM	Acquisition of subsidiaries (Note 29) RM	As at 31.12.2011 RM
<b>Carrying amount</b>			
Freehold land	-	31,581,833	31,581,833
----- At 31.12.2011 -----			
Group	Cost RM	Accumulated impairment losses RM	Carrying amount RM
<b>Carrying amount</b>			
Freehold land	32,790,227	(1,208,394)	31,581,833

In the previous financial period, land held for property development with a carrying amount of RM31,581,883 had been pledged to a licensed bank for credit facilities granted to the Group.

**9. INVESTMENT PROPERTY**

Group	Balance as at 1.1.2012 RM	Reclassification from land held for property development (Note 8) RM	Balance as at 31.12.2012 RM
<b>Carrying amount</b>			
Freehold land, at cost	-	32,377,589	32,377,589
<b>Fair value</b>			
At 31 December 2012			35,800,000

The fair value for investment property is derived at based on Directors' estimates by reference to independent valuation obtained from an independent professional valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The independent valuation has also made comparisons with latest transacted prices.

On 8 April 2013, a subsidiary, Grand Meridian Development Sdn. Bhd. entered into a conditional Sale and Purchase Agreement with Ocean Mix Sdn. Bhd. for the disposal of the above freehold land for a total cash consideration of RM50,000,000.

As at 31 December 2012, investment property with a carrying amount of RM32,377,589 (2011: Nil) had been pledged to a licensed bank for credit facilities granted to the Group (Note 18).

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2012 (CONT'D)

**10. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Unquoted equity shares in Malaysia, at cost	73,640,000	73,639,998
Less: Impairment loss	(2,625,369)	-
Balance at 31 December	<u>71,014,631</u>	<u>73,639,998</u>

The details of subsidiaries, which are all incorporated in Malaysia, are as follows:

<b>Name of company</b>	<b>Interest in equity held by</b>				<b>Principal activities</b>
	<b>Company</b>		<b>Subsidiaries</b>		
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	
Gabungan Strategik Sdn. Bhd.	100%	100%	-	-	Contractor for civil and building construction works
Pembinaan Megah Ikhlas Sdn. Bhd.	100%	100%	-	-	Contractor for civil and building construction works
Motibina Sdn. Bhd.	100%	100%	-	-	Civil and building contractors
Prestige Field Development Sdn. Bhd.	52%	52%	-	-	Property development
AQRS The Building Company Sdn. Bhd.	100%	100%	-	-	Property development
Broad Virtual Sdn. Bhd.	100%	-	-	-	Dormant
<b><i>Subsidiaries of AQRS The Building Company Sdn. Bhd.</i></b>					
Nusvista Development Sdn. Bhd.	-	-	100%	100%	Property development
Grand Meridian Development Sdn. Bhd.	-	-	100%	100%	Property investment
Bright Reach Sdn. Bhd.	-	-	100%	100%	Investment holding
<b><i>Subsidiary of Bright Reach Sdn. Bhd.</i></b>					
Crystal Aspect Sdn. Bhd.	-	-	64.50%	64.50%	Property development

All subsidiaries are audited by BDO.

On 16 January 2012, the Company acquired the entire issued and paid up share capital of Broad Virtual Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.

An impairment loss on investment in a subsidiary, Pembinaan Megah Ikhlas Sdn. Bhd., amounting to RM2,625,369 has been recognised during the financial year due to a decline in the economic benefits expected from the subsidiary. The recoverable amount was determined based on a value-in-use calculation using cash flow projections based on financial projections covering a five years period. The discount rate applied to the cash flow projections was based on the weighted average cost of capital of the Group.

**11. OTHER INVESTMENTS**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Available for sale financial assets		
- Quoted shares in Malaysia	2,115	2,115
Market value	2,115	2,115

Information on the fair value hierarchy is disclosed in Note 33(e) to the financial statements.

**12. DEFERRED TAX**

(a) The deferred tax assets and liabilities are made up of the following:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
At beginning of financial year/period	(2,241,313)	-
Acquisition of subsidiaries (Note 29)	-	(1,913,707)
Recognised in profit or loss (Note 27)	2,575,890	(327,606)
At end of financial year/period	334,577	(2,241,313)

Presented after appropriate offsetting as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Deferred tax assets	2,727,628	-
Deferred tax liabilities	(2,393,051)	(2,241,313)
	334,577	(2,241,313)

(b) The components of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

**Deferred tax assets**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Property development costs	1,847,360	-
Unused tax losses	358,897	-
Other deductible temporary differences	521,371	-
	2,727,628	-

**Deferred tax liabilities**

Property, plant and equipment	(415,393)	(263,655)
Land held for property development	(1,977,658)	(1,977,658)
	(2,393,051)	(2,241,313)

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012 (CONT'D)**

**13. PROPERTY DEVELOPMENT COSTS**

	Note	Group	
		2012 RM	2011 RM
At beginning of financial year/period			
- Freehold land		21,505,332	-
- Leasehold land		58,981,107	-
- Development costs		40,986,196	-
- Accumulated costs charged to profit or loss		(8,257,801)	-
		113,214,834	-
Add: Acquisition of subsidiaries			
- Freehold land		-	16,505,332
- Leasehold land		-	53,259,186
- Development costs		-	26,197,310
	29	-	95,961,828
Add: Costs incurred during the year/period			
- Freehold land		10,000,000	5,000,000
- Leasehold land		17,630,390	5,721,921
- Development costs		32,156,919	14,788,886
		59,787,309	25,510,807
Less: Costs recognised in profit and loss		(16,542,200)	(8,257,801)
At end of financial year/period		<u>156,459,943</u>	<u>113,214,834</u>

(a) Included in the property development costs of the Group are freehold land and leasehold land amounting to RM16,505,332 (2011: RM16,505,332) and RM45,759,186 (2011: RM45,664,564) respectively charged to financial institutions for banking facilities granted to the Group (Note 18).

(b) The leasehold land under development is provided by Intelbest Corporation Sdn. Bhd. ('Intelbest'), pursuant to an agreement entered into by a subsidiary, Prestige Field Development Sdn. Bhd. ('Prestige') with Intelbest, Darar Ehsan Sdn. Bhd. and SAP Holdings Berhad on 31 March 2011. In accordance with the agreement, Prestige Field was granted the sole and exclusive rights to develop the leasehold land.

On 19 February 2013, Prestige entered into a Sale and Purchase agreement with Menteri Besar Selangor (Incorporated) to acquire the said land measuring approximately 30.11 acres in Lestari Perdana, Mukim of Petaling, Daerah Petaling for a total cash consideration of RM55,220,000.

(c) Freehold land under development of RM15,000,000 (2011: RM5,000,000) is provided by Pro Meridian Sdn. Bhd. ('Pro Meridian'), pursuant to an agreement entered into by a subsidiary, AQRS The Building Company Sdn. Bhd. ('AQRS') with Pro Meridian on 30 September 2011. In accordance with the agreement, AQRS was granted vacant possession to develop the freehold land.

(d) Included in property development costs of the Group is an interest expense of RM382,379 (2011: RM647,837). Interest is capitalised in property development costs at rates ranging from 5.1% to 8.1% (2011: 5.1% to 8.1%) per annum.

**14. TRADE AND OTHER RECEIVABLES**

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
<b>Trade receivables</b>					
Third parties		67,900,518	117,232,820	-	-
Retention sums		39,745,959	31,409,686	-	-
Amounts due from contract customers	21	23,503,424	14,487,223	-	-
		131,149,901	163,129,729	-	-
Less: Impairment loss					
- Third parties		(39,996)	(117,902)	-	-
		131,109,905	163,011,827	-	-
<b>Other receivables</b>					
Other receivables		10,716,281	5,646,723	-	-
Accrued billings		46,023,405	35,891,969	-	-
Prepayments		1,528,366	620,934	52,266	-
Deposits		1,590,991	668,727	2,000	25,000
Amounts owing from subsidiaries		-	-	39,142,523	9,346,436
		59,859,043	42,828,353	39,196,789	9,371,436
Less: Impairment loss					
- Other receivables		(973,616)	(1,615,426)	-	-
		58,885,427	41,212,927	39,196,789	9,371,436
		189,995,332	204,224,754	39,196,789	9,371,436

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 30 to 60 days (2011: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (b) In the previous financial year, included in trade receivables of the Group were trade amounts owing from Directors of the Company and subsidiaries as well as their close family members of RM2,093,104 arising from the purchase of development properties from the subsidiaries. The amount had been fully settled during the financial year.
- (c) The retention sums are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2012 RM	2011 RM
Within one year	13,477,627	13,434,501
Within two years	26,268,332	17,975,185
	39,745,959	31,409,686

- (d) Amounts owing from subsidiaries represent payments made on behalf, which are unsecured, interest-free and receivable on demand in cash and cash equivalents.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012 (CONT'D)**

**14. TRADE AND OTHER RECEIVABLES (CONT'D)**

(e) The ageing analysis of trade receivables of the Group is as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Neither past due nor impaired	98,532,085	121,740,801
Past due, not impaired		
0 - 30 days	3,634,546	18,915,382
31 - 60 days	11,180,963	20,354,575
More than 120 days	17,762,311	2,001,069
	32,577,820	41,271,026
Past due and impaired	39,996	117,902
	<u>131,149,901</u>	<u>163,129,729</u>

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 34% (2011: 35%) of the trade receivables of the Group arise from customers with more than two years of experience with the Group and have never defaulted.

None of the trade receivables of the Group that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables of the Group that are past due but not impaired are unsecured in nature. They are creditworthy debtors.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of the reporting period have been individually impaired.

The reconciliation of movements in the impairment loss are as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
<b>Trade receivables</b>		
At beginning of financial year/period	117,902	117,902
Charge for the financial year/period	39,996	-
Written off	(117,902)	-
	<u>39,996</u>	<u>117,902</u>
<b>Other receivables</b>		
At beginning of financial year/period	1,615,426	1,615,426
Written off	(641,810)	-
	<u>973,616</u>	<u>1,615,426</u>

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to those debtors that exhibit significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(f) All trade and other receivables are denominated in RM.

**15. CASH AND CASH EQUIVALENTS**

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash and bank balances	10,704,677	19,720,668	1,074,989	1,273,658
Short term funds with licensed financial institutions	37,291,672	-	37,291,672	-
Fixed deposits with licensed banks	42,004,587	31,234,306	-	-
As per statements of financial position	90,000,936	50,954,974	38,366,661	1,273,658
Less: Bank overdrafts included in borrowings	(23,179,826)	(12,111,195)	-	-
Less: Fixed deposit pledged	(42,004,587)	(31,234,306)	-	-
As per statements of cash flows	<u>24,816,523</u>	<u>7,609,473</u>	<u>38,366,661</u>	<u>1,273,658</u>

- (a) Fixed deposits with licensed banks are pledged to licensed banks as securities for banking facilities granted to the Group (Note 18).
- (b) Fixed deposits with licensed banks have maturity period ranging from seven days to one year (2011: seven days to one year).
- (c) Included in cash and bank balances of the Group is a balance of RM3,676,506 (2011: RM7,150,192) held under Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2002, which is not available for general use by the Group.
- (d) All cash and cash equivalents are denominated in RM.

**16. SHARE CAPITAL**

The movements in the authorised share capital of the Group and the Company are as follows:

Group and Company	2012		2011	
	Par value RM	Number of shares	Par value RM	Number of shares
Ordinary shares:				
Authorised:				
At beginning of the financial year/period	0.25	400,000,000	1.00	100,000
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.25 each	-	-	0.25	400,000
Increased during the financial year/period	-	-	0.25	399,600,000
At end of the financial year/period	0.25	<u>400,000,000</u>	0.25	<u>400,000,000</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012 (CONT'D)**

**16. SHARE CAPITAL (CONT'D)**

Group and Company	2012		2011			
	Par value RM	Number of shares	RM	Par value RM	Number of shares	RM
Ordinary shares: Issued and fully paid:						
At beginning of the financial year/period	0.25	293,520,000	73,380,000	1.00	2	2
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.25 each	-	-	-	0.25	8	2
Issued during the financial year/period						
- acquisition of subsidiaries	-	-	-	0.25	293,519,992	73,379,998
- IPO	0.25	62,000,000	15,500,000		-	-
At end of the financial year/period	0.25	355,520,000	88,880,000	0.25	293,520,000	73,380,000

In the previous financial year, the Company subdivided its ordinary share capital as follows:

- (a) authorised share capital of RM100,000 comprising ordinary shares of RM1.00 each into 400,000 ordinary shares of RM0.25 each; and
- (b) issued and paid up share capital of RM2.00 comprising 2 ordinary shares of RM1.00 each into 8 ordinary shares of RM0.25 each.

The Company increased its authorised share capital from RM100,000 to RM100,000,000 by the creation of 399,600,000 new ordinary shares of RM0.25 each in the previous financial year.

In the previous financial year, the Company entered into conditional sale and purchase agreements with all the shareholders of Gabungan Strategik Sdn. Bhd., Pembinaan Megah Ikhlas Sdn. Bhd., Motibina Sdn. Bhd. and AQRS The Building Company Sdn. Bhd. for the acquisition of the entire issued and paid-up share capital of these companies for a total consideration which amounted to RM73,379,998. The purchase consideration was satisfied by the issuance of 293,519,992 new ordinary shares of RM0.25 each and was completed on 8 August 2011.

During the financial year, the issued and paid-up share capital of the Company was increased from RM73,380,000 to RM88,880,000 by way of initial public offering ('IPO') at an issue price of RM1.18 per ordinary share, as follows:

- (i) issuance of 18,000,000 new ordinary shares of RM0.25 each for application by the public;
- (ii) issuance of 6,000,000 new ordinary shares of RM0.25 each for application by the eligible directors and employees of the Company and its subsidiaries;
- (iii) issuance of 32,000,000 new ordinary shares of RM0.25 each by way of private placement to selected investors; and
- (iv) issuance of 6,000,000 new ordinary shares of RM0.25 each by way of private placement to bumiputera investors approved by the Ministry of International Trade and Industry.

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

**17. RESERVES**

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-distributable:				
Share premium	56,040,571	-	56,040,571	-
Distributable:				
Retained earnings/ (Accumulated losses)	70,489,902	48,876,759	2,656,675	(3,084,539)
	126,530,473	48,876,759	58,697,246	(3,084,539)

**Share premium**

The share premium is arrived at after accounting for the premium received less expenses over the nominal value of shares issued to the public.

**18. BORROWINGS**

	Note	Group	
		2012 RM	2011 RM
<b>Non-current liabilities</b>			
Bridging loan		-	10,906,481
Term loans		10,718,036	15,219,746
Hire-purchase creditors	19	3,945,874	2,872,617
		14,663,910	28,998,844
<b>Current liabilities</b>			
Bridging loan		-	75,091
Term loans		24,573,237	25,413,975
Revolving credit		400,000	400,000
Hire-purchase creditors		1,137,639	748,517
Bank overdrafts	19	23,179,826	12,111,195
		49,290,702	38,748,778
		63,954,612	67,747,622
<b>Total borrowings</b>			
Bridging loan		-	10,981,572
Term loans		35,291,273	40,633,721
Revolving credit		400,000	400,000
Hire-purchase creditors		5,083,513	3,621,134
Bank overdrafts		23,179,826	12,111,195
		63,954,612	67,747,622

(a) Bank overdrafts of the Group are secured by leasehold land and building (Note 7) and deposits pledged with licensed banks (Note 15) as well as jointly and severally guaranteed by certain Directors and shareholders of the Company.

(b) Term loans and bridging loan of the Group are secured by the following:

(i) Leasehold land and building under property, plant and equipment belonging to the Group (Note 7) and assignment of a subsidiary's contract proceeds;

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012 (CONT'D)**

**18. BORROWINGS (CONT'D)**

- (b) Term loans and bridging loan of the Group are secured by the following (cont'd):
- (ii) Freehold land under investment property belonging to the Group (Note 9);
  - (iii) Freehold land and leasehold land under development belonging to the Group (Note 13);
  - (iv) Fixed deposits (Note 15);
  - (v) Assignment of HDA Account of the property development project ('Project') at Mukim of Ulu Kelang, Selangor (sales proceeds inclusive of profit from sales of the Project); and
  - (vi) Specific Debenture to secure the sum of RM20 million plus interest in such form as the Bank may require, incorporating first fixed and floating charges over all the Project's assets, both present and future.

The term loans and bridging loan are also jointly and severally guaranteed by certain Directors of the Company.

The Group is in the process of discharging the security of Specific Debenture as the bridging loan had been settled during the financial year.

- (c) The repayment terms for the term loans and bridging loan are as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Bridging loan is repayable by three equal quarterly instalments of RM3,670,000 each commencing March 2014 or repayment via redemption, whichever is earlier	-	10,981,572
Term loan I is repayable based on redemption structure set by a financial institution	-	1,074,845
Term loan II is repayable by sixty monthly instalments ranging from RM444,655 to RM452,327 each commencing January 2011	14,245,968	18,337,032
Term loan III is repayable by six equal monthly instalments of RM3,250,000 each commencing March 2013	19,583,816	19,584,655
Term loan IV is repayable by one hundred eighty two equal monthly instalments of RM9,964 each commencing March 2009	997,189	1,066,642
Term loan V is repayable by sixty equal monthly instalments of RM11,980 each commencing September 2012	464,300	570,547
	<u>35,291,273</u>	<u>51,615,293</u>

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Repayable as follows:		
- within one year	24,573,237	25,489,066
- later than one year and not later than five years	10,125,560	25,444,664
- later than five years	592,476	681,563
	<u>35,291,273</u>	<u>51,615,293</u>

- (d) All borrowings are denominated in RM.

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2012 (CONT'D)

**19. HIRE-PURCHASE CREDITORS**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Minimum hire-purchase payments		
- not later than one year	1,361,214	917,578
- later than one year and not later than five years	4,200,355	2,963,048
- later than five years	89,331	213,276
Total minimum hire-purchase payments	5,650,900	4,093,902
Less: Future interest charges	(567,387)	(472,768)
Present value of hire-purchase creditors	5,083,513	3,621,134
Repayable as follows:		
Current liabilities:		
- not later than one year	1,137,639	748,517
Non-current liabilities:		
- later than one year and not later than five years	3,859,013	2,667,998
- later than five years	86,861	204,619
	3,945,874	2,872,617
	5,083,513	3,621,134

**20. TRADE AND OTHER PAYABLES**

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
		<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Trade payables</b>					
Third parties		39,310,588	76,119,074	-	-
Retention sums		55,971,155	52,484,340	-	-
Amounts due to contract customers	21	32,989,302	32,518,860	-	-
		128,271,045	161,122,274	-	-
<b>Other payables</b>					
Other payables		15,297,095	7,559,385	88,770	148,670
Accruals		35,028,369	7,718,739	912,065	34,127
Deposits		1,075,678	410,000	-	-
Dividend payable		13,157	7,098,400	-	-
Progress billings		13,727,116	11,505,591	-	-
Amounts owing to corporate shareholders of a subsidiary		2,525,457	1,060,614	-	-
Amounts owing to Directors		1,332,136	1,307,136	-	-
Amounts owing to subsidiaries		-	-	-	13,806,834
		68,999,008	36,659,865	1,000,835	13,989,631
		197,270,053	197,782,139	1,000,835	13,989,631

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 14 to 90 days (2011: 14 to 90 days). Other credit term are assessed and approved by the suppliers on a case by case basis.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012 (CONT'D)**

**20. TRADE AND OTHER PAYABLES (CONT'D)**

- (b) Included in other payables of the Group are advances amounting to RM7,073,253 (2011: RM7,073,253) received from companies in which certain Directors have substantial financial interests. These amounts are unsecured, interest-free and repayable upon demand in cash and cash equivalents.
- (c) Dividend payable is payable to former shareholders of a subsidiary in respect of the financial year ended 31 December 2010.
- (d) Amounts owing to subsidiaries, corporate shareholders of a subsidiary and Directors represent advances and payments made on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents.
- (e) All trade and other payables are denominated in RM.

**21. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Aggregate costs incurred to date	1,212,963,959	956,942,327
Add: Attributable profits	299,052,386	242,574,825
	<u>1,512,016,345</u>	<u>1,199,517,152</u>
Less: Progress billings	(1,521,502,223)	(1,217,548,789)
	<u>(9,485,878)</u>	<u>(18,031,637)</u>
Amounts due from contract customers (Note 14)	23,503,424	14,487,223
Amounts due to contract customers (Note 20)	(32,989,302)	(32,518,860)
	<u>(9,485,878)</u>	<u>(18,031,637)</u>

Additions to aggregate costs incurred during the financial year/period included:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Salaries, bonus and overtime	1,707,845	688,718
EPF and Socso contributions	235,622	87,669
Wages	187,983	70,476
Other benefits	141,169	48,011
Rental of:		
- crane	1,104,771	303,492
- excavator	817,351	162,014
- lorries	551,735	257,184
- plant and machinery	253,788	221,185
- tractors	918,664	210,105
- site office	118,271	45,450
- site quarters	144,137	70,320
	<u>11,101,108</u>	<u>1,000,000</u>

**22. COMMITMENTS**

(a) Rental commitments

The Group had entered into several tenancy agreements for the rental of office buildings, hostel and office equipment resulting in future rental commitments which may, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The Group has aggregate future commitments as at the end of the reporting period as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Not later than one year	418,804	120,600
Later than one year and not later than five years	326,862	8,000
	745,666	128,600

(b) Capital commitments

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
<b>Contracted but not provided for</b>		
- Purchase of shares in a subsidiary	-	340,000
- Land held for property development	182,646,679	174,278,079
	182,646,679	174,278,079

**23. CONTINGENT LIABILITIES**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Guarantees</b>				
Corporate guarantees given to financial institutions for credit facilities granted to related parties	5,202,408	5,202,408	-	-
Corporate guarantees given to a financial institutions for credit facilities granted to subsidiaries	-	-	94,270,000	-
Corporate guarantees given to suppliers in respect of goods supplied to its wholly owned subsidiary	-	-	12,472,160	-
Bank guarantees given by financial institutions in respect of construction and property projects	127,362,734	41,454,002	-	-
	132,565,142	46,656,410	106,742,160	-

The Directors are of view that the chances of the financial institutions to call upon the guarantee are not probable.

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2012 (CONT'D)

**23. CONTINGENT LIABILITIES (CONT'D)**

**Litigation**

On 13 June 2008, AQRS The Building Company Sdn. Bhd. ('AQRS'), a subsidiary, entered into a sale and purchase agreement ('SPA') for a freehold land situated at Mukim Ulu Klang, Selangor with Morning Valley Sdn. Bhd. ('Morning Valley'), a company incorporated in Malaysia. Pursuant to the SPA, a deposit of RM3,000,0000 was paid by Morning Valley.

As the condition precedents were not fulfilled within the period stipulated in the SPA, both AQRS and Morning Valley mutually terminated the SPA on 30 June 2008. The deposit was refunded by AQRS via a set-off against advances of RM3,000,000 owing by Amshore Holdings Sdn. Bhd., a related company of Morning Valley, to AQRS.

On 5 August 2011, Morning Valley filed a claim against AQRS for a sum of RM3,000,000, being the deposit which it alleges has not been refunded.

On 9 September 2011, AQRS filed a Striking-Out Application at the High Court to strike-out Morning Valley's claim. The High Court, after taking into consideration the Affidavits filed by both parties, is of the opinion it is unsafe to strike-out Morning Valley's claim and set the case for Full-Trial.

During the financial year, Morning Valley and AQRS reached a settlement on the matter. Pursuant thereto, AQRS had made full and final settlement for the sum of RM200,000 to the Morning Valley's solicitor as a stakeholder on 4 March 2013.

**24. REVENUE**

	Group		Company	
	1.1.2012 to 31.12.2012 RM	8.8.2011 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.1.2011 to 31.12.2011 RM
Property development revenue	49,707,150	63,873,340	-	-
Contract revenue	269,820,306	172,920,196	-	-
Gross dividend income from subsidiaries	-	-	13,900,000	-
	<u>319,527,456</u>	<u>236,793,536</u>	<u>13,900,000</u>	<u>-</u>

**25. COST OF SALES**

	Group	
	1.1.2012 to 31.12.2012 RM	8.8.2011 to 31.12.2011 RM
Property development costs	16,542,200	8,257,801
Contract costs	232,391,719	154,429,693
	<u>248,933,919</u>	<u>162,687,494</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2012 (CONT'D)

**26. PROFIT/(LOSS) BEFORE TAX**

	Note	Group		Company	
		1.1.2012 to 31.12.2012 RM	8.8.2011 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.1.2011 to 31.12.2011 RM
Profit/(Loss) before tax is arrived at after charging:					
Auditors' remuneration:					
- statutory audits					
- current year		185,500	122,772	34,500	30,000
- over provision in prior year		(4,339)	-	-	-
- non-statutory audits		259,281	300,000	175,181	300,000
Depreciation of property, plant and equipment	7	1,943,668	627,686	-	-
Deposit written off		25,000	-	25,000	-
Development cost written off	8	412,638	-	-	-
Directors' remuneration paid to:					
Directors of the Company					
- payable by Company		1,382,714	63,000	1,382,714	63,000
- payable by subsidiaries		1,872,534	842,803	-	-
Directors of the subsidiaries					
- fee		5,000	2,500	-	-
- other emoluments		519,732	340,687	-	-
Impairment losses on:					
- investment in a subsidiary	10	-	-	2,625,369	-
- other investments		-	3,285	-	-
- trade receivables	14(e)	39,996	-	-	-
Interest expense on:					
- bank overdrafts		900,369	160,156	-	-
- hire-purchase		185,625	51,996	-	-
- revolving credit		19,922	5,116	-	-
- term loans		1,969,548	1,449,661	-	-
- others		6,665	-	-	-
Property, plant and equipment written off	7	253	1,432	-	-
Rental of:					
- copier		1,200	1,290	-	-
- hostel		4,800	-	-	-
- office equipment		9,970	4,110	-	-
- premises		431,060	186,620	-	-
And crediting:					
Dividend income		-	-	13,900,000	-
Gain on bargain purchase (included in other income)	29	-	11,513,210	-	-
Gain on disposal of property, plant and equipment		209,493	146,750	-	-
Interest income from:					
- fixed deposits		1,260,872	536,832	245,880	25,656
- short term funds		291,672	-	291,672	-
- housing development account		68,376	30,461	-	-
Rental income		-	40,000	-	-
Reversal of impairment loss on land held for property development	8	1,208,394	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2012 (CONT'D)

**27. TAX EXPENSE**

	Group		Company	
	1.1.2012 to 31.12.2012 RM	8.8.2011 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.1.2011 to 31.12.2011 RM
Income tax expense based on profit for the financial year/period	12,463,968	16,911,196	1,016,382	-
(Over)/Under provision in prior years	(305,891)	(144,017)	6,094	-
	12,158,077	16,767,179	1,022,476	-
Deferred tax (Note 12):				
Relating to origination and reversal of temporary differences	(2,610,939)	252,010	-	-
Under provision in prior years	35,049	75,596	-	-
	(2,575,890)	327,606	-	-
	9,582,187	17,094,785	1,022,476	-

The Malaysian income tax is calculated at the statutory tax rate of 25% (2011: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the applicable tax expense and the effective tax expense of the Group and of the Company is as follows:

	Group		Company	
	1.1.2012 to 31.12.2012 RM	8.8.2011 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.1.2011 to 31.12.2011 RM
Profit/(Loss) before tax	31,892,372	68,101,682	6,763,690	(2,175,395)
Tax at Malaysian statutory tax rate of 25% (2011: 25%)	7,973,093	17,025,420	1,690,923	(543,849)
Tax effects in respect of:				
Expenses not deductible for tax purposes	1,747,333	262,786	1,856,995	543,849
Non-taxable income	(409,733)	-	(2,531,536)	-
Tax charge from deemed disposal of freehold land	542,336	-	-	-
Reduction in tax rate on the first RM500,000 of chargeable income in subsidiaries	-	(125,000)	-	-
	9,853,029	17,163,206	1,016,382	-
(Over)/Under provision of tax in prior years	(305,891)	(144,017)	6,094	-
Under provision of deferred tax in prior years	35,049	75,596	-	-
	9,582,187	17,094,785	1,022,476	-

**28. EARNINGS PER ORDINARY SHARE**

(a) Basic

Basic earnings per ordinary share for the financial year/period is calculated by dividing the profit for the financial year/period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year/period.

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Profit attributable to owners of the parent	21,613,143	49,785,903
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	293,520,000	2
Effect of:		
- shares issued during the period	26,838,356	117,407,999
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	320,358,356	117,408,001
Basic earnings per ordinary share (sen)	6.75	42.40

(b) Diluted

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

**29. ACQUISITION OF SUBSIDIARIES**

**2012**

On 16 January 2012, the Company acquired the entire issued and paid up share capital of Broad Virtual Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM2.

(a) The fair value of the identifiable asset of the subsidiary as at the date of acquisition is as follows:

	<b>RM</b>
Cash and cash equivalents	2

(b) The consideration transferred for the acquisition of the subsidiary is as follows:

	<b>RM</b>
Cash paid/Total consideration	2

(c) The effects of the acquisition of a subsidiary on cash flows are as follows:

	<b>RM</b>
Consideration settled in cash	2
Less: Cash and cash equivalents of subsidiary acquired	(2)
Net cash outflow of the Group on acquisition	-

The acquisition had no significant impact on the financial position and results of the Group.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012 (CONT'D)**

**29. ACQUISITION OF SUBSIDIARIES (CONT'D)**

**2011**

On 13 January 2011, the Company entered into conditional sale and purchase agreements with all the shareholders of Gabungan Strategik Sdn. Bhd., Pembinaan Megah Ikhlas Sdn. Bhd., Motibina Sdn. Bhd. and AQRS The Building Company Sdn. Bhd. for the acquisition of the entire issued and paid-up share capital of these companies for a total consideration amounting to RM73,379,998. The purchase consideration was satisfied by the issuance of 293,519,992 new ordinary shares of RM0.25 each. The acquisition was completed on 8 August 2011.

On 3 June 2011, the Company acquired 52% of the issued and paid up ordinary share capital of Prestige Field, a company incorporated in Malaysia, for a total cash consideration of RM52,000. The acquisition was completed on 8 August 2011.

The Company acquired these subsidiaries in order to strengthen its position as one of the major player in the construction and property development industries in Malaysia. The acquisition was also expected to enhance the Group's profile and to be in a better position to seize the opportunities available in the construction and property development industries.

- (a) The fair value of the identifiable assets and liabilities of subsidiaries as at the date of acquisition were as follows:

	Note	RM
Property, plant and equipment	7	6,241,514
Land held for property development	8	31,581,833
Investments		5,400
Property development costs	13	95,961,828
Trade and other receivables		163,206,507
Cash and cash equivalents		(12,727,009)
Fixed deposits		34,765,985
Total identifiable assets		319,036,058
Trade and other payables		(165,354,560)
Current tax liabilities		(7,961,710)
Deferred tax liabilities	12	(1,913,707)
Borrowings		(58,821,438)
		(234,051,415)
Total identifiable net assets		84,984,643
Non-controlling interest		(39,435)
Gain on bargain purchase (Note 26)		(11,513,210)
Total consideration		<u>73,431,998</u>

- (b) The consideration transferred for the acquisition of subsidiaries were as follows:

	RM
Cash paid	52,000
Consideration in shares	<u>73,379,998</u>
Total consideration	<u>73,431,998</u>

**29. ACQUISITION OF SUBSIDIARIES (CONT'D)**

**2011 (cont'd)**

(c) The effects of the acquisition of subsidiaries on cash flows were as follows:

	<b>RM</b>
Total consideration	73,431,998
Less: Consideration in shares	<u>(73,379,998)</u>
Consideration settled in cash	52,000
Add: Cash and cash equivalents of subsidiaries acquired	<u>12,727,009</u>
Net cash outflow of the Group on acquisition	<u>12,779,009</u>

In the previous financial period, the newly acquired subsidiaries contributed RM236,793,536 of revenue and RM53,182,292 of profit to the Group's results for the financial period from the acquisition date. Had the business combination taken place at the beginning of the previous financial year, the Group's revenue would have been RM372,446,285 and the Group would have a profit of RM66,592,915.

On 10 August 2011, the Company subscribed for additional 208,000 ordinary shares of RM1.00 each in Prestige Field to maintain its 52% shareholding. The additional acquisition had no significant impact on the financial position and results of the Group.

**30. EMPLOYEE BENEFITS**

	<b>Group</b>		<b>Company</b>	
	<b>1.1.2012 to 31.12.2012 RM</b>	<b>8.8.2011 to 31.12.2011 RM</b>	<b>1.1.2012 to 31.12.2012 RM</b>	<b>1.1.2011 to 31.12.2011 RM</b>
Wages and salaries	19,607,566	6,889,995	1,994,653	106,176
EPF and Socso contribution	2,427,560	834,811	210,109	5,285
Other benefits	<u>302,272</u>	<u>35,074</u>	<u>77,018</u>	<u>28</u>
	<u>22,337,398</u>	<u>7,759,880</u>	<u>2,281,780</u>	<u>111,489</u>

Included in the employee benefits of the Group and the Company are Directors' remuneration amounting to RM3,779,980 (2011: RM1,248,990) and RM1,382,714 (2011: RM63,000) respectively.

**31. RELATED PARTY DISCLOSURES**

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

- (i) its subsidiaries;
- (ii) key management personnel, which comprises persons (including the Directors of the Group) having authority and responsibility for planning, deciding and controlling the activities of the Group directly or indirectly; and
- (iii) companies in which the Directors/shareholders of the Company or their close family members have substantial financial interests or significant influence.

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012 (CONT'D)**

**31. RELATED PARTY DISCLOSURES (CONT'D)**

(b) The Group had the following transactions with related parties during the financial year/period:

	Group		Company	
	1.1.2012 to 31.12.2012 RM	8.8.2011 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.1.2011 to 31.12.2011 RM
Subsidiaries:				
Gross dividend income	-	-	13,900,000	-
Related parties:				
Rental of office premise paid/ payable	188,100	35,900	-	-
Sub-contractor costs paid/ payable	-	2,160,661	-	-
Directors of the Company and their close family members:				
Sale of development properties	-	8,258,283	-	-
Directors of the subsidiaries and their close family members:				
Sale of development properties	-	11,655,520	-	-

Material balances with related parties at the end of the financial year are disclosed in Notes 14 and 20 to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors and other key management personnel during the financial year/period was as follows:

	Group		Company	
	1.1.2012 to 31.12.2012 RM	8.8.2011 to 31.12.2011 RM	1.1.2012 to 31.12.2012 RM	1.1.2011 to 31.12.2011 RM
Short term employee benefits	3,816,477	1,274,873	1,382,714	63,000
Contributions to defined contribution plan	357,539	125,405	-	-
	4,174,016	1,400,278	1,382,714	63,000

### 32. OPERATING SEGMENTS

Gabungan AQRS Berhad and its subsidiaries are principally engaged in property development, construction and investment holding.

Gabungan AQRS Berhad has arrived at two 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) Property development  
Development of residential and commercial properties.
- (ii) Construction  
Securing and carrying out construction contracts.

Other operating segments that do not constitute a reportable segment comprise investment holding.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current financial year.

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

	Property development RM	Construction RM	Other operating segment RM	Total RM
<b>2012</b>				
<b>Segment revenue</b>				
Total revenue	49,707,150	312,499,192	-	362,206,342
Inter segment sales	-	(42,678,886)	-	(42,678,886)
Revenue from external customers	49,707,150	269,820,306	-	319,527,456
Interest income	147,707	935,661	537,552	1,620,920
Finance costs	(3,752,956)	(1,147,095)	-	(4,900,051)
Net finance expenses	(3,605,249)	(211,434)	537,552	(3,279,131)
Depreciation	(468,315)	(1,475,353)	-	(1,943,668)
<b>Segment profit before tax</b>	<b>1,830,163</b>	<b>34,581,080</b>	<b>(4,518,871)</b>	<b>31,892,372</b>
Tax expense	(922,281)	(8,653,812)	(6,094)	(9,582,187)
Additions to non-current assets other than financial instruments and deferred tax assets	960,756	3,919,373	-	4,880,129
<b>Segment assets</b>	<b>271,464,916</b>	<b>176,148,775</b>	<b>38,420,929</b>	<b>486,034,620</b>
<b>Segment liabilities</b>	<b>88,867,635</b>	<b>178,600,484</b>	<b>1,006,557</b>	<b>268,474,676</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2012 (CONT'D)

**32. OPERATING SEGMENTS (CONT'D)**

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

	Property development RM	Construction RM	Other operating segment RM	Total RM
<b>2011</b>				
<b>Segment revenue</b>				
Total revenue	63,873,340	207,984,119	-	271,857,459
Inter segment sales	-	(35,063,923)	-	(35,063,923)
Revenue from external customers	63,873,340	172,920,196	-	236,793,536
Interest income	58,689	508,604	-	567,293
Finance costs	(1,848,202)	(320,528)	-	(2,168,730)
Net finance expenses	(1,789,513)	188,076	-	(1,601,437)
Depreciation	147,668	480,018	-	627,686
<b>Segment profit before tax</b>	<b>14,888,413</b>	<b>55,395,909</b>	<b>(2,182,640)</b>	<b>68,101,682</b>
Tax expense	(5,146,341)	(11,948,444)	-	(17,094,785)
Other material non-cash item: - Gain on bargain purchase	8,157,328	3,355,882	-	11,513,210
Additions to non-current assets other than financial instruments and deferred tax assets	710,774	2,217,019	-	2,927,793
<b>Segment assets</b>	<b>219,907,653</b>	<b>186,726,414</b>	<b>1,829,882</b>	<b>408,463,949</b>
<b>Segment liabilities</b>	<b>85,303,662</b>	<b>199,265,802</b>	<b>185,297</b>	<b>284,754,761</b>

As the Group's operations are mainly predominated in Malaysia, no segment information is presented on geographical segments.

**33. FINANCIAL INSTRUMENTS**

(a) Capital management

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising return to shareholders through the optimisation of the debt and equity ratios.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2012 and 31 December 2011.

Capital represents equity attributable to the owners of the parent.

**33. FINANCIAL INSTRUMENTS (CONT'D)**

(a) Capital management (cont'd)

The Group monitors capital by reference to its indebtedness position. The Group's strategy is to maintain the balance between debt and equity and to ensure sufficient operating cash flows to repay its liabilities as and when they fall due. As at the end of the reporting period, the gearing ratio of the Group (which is borrowings divided by total equity) is calculated as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total borrowings	63,954,612	67,747,622	-	-
Total equity	217,559,944	123,709,188	147,577,246	70,295,461
Gearing ratio	29.40%	54.76%	*	*

\* *Not applicable*

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid-up capital (excluding any treasury shares) and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement for the financial year ended 31 December 2012.

(b) Financial instruments

(i) Categories of financial instruments

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
<b>Financial assets</b>				
<b>Available for sale</b>				
Other investments	2,115	2,115	-	-
<b>Loans and receivables</b>				
Trade and other receivables	189,995,332	204,224,754	39,196,789	9,371,436
Cash and cash equivalents	90,000,936	50,954,974	38,366,661	1,273,658
	279,996,268	255,179,728	77,563,450	10,645,094
<b>Financial liabilities</b>				
<b>Other financial liabilities</b>				
Borrowings	63,954,612	67,747,622	-	-
Trade and other payables	197,270,053	197,782,139	1,000,835	13,989,631
	261,224,665	265,529,761	1,000,835	13,989,631

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2012 (CONT'D)**

**33. FINANCIAL INSTRUMENTS (CONT'D)**

(c) Fair values of financial instruments

The fair values of financial instruments that are not carried at fair value and whose carrying amounts do not approximate its fair value are as follows:

<b>Group</b>	<b>Carrying</b>	<b>Fair</b>
<b>At 31 December 2012</b>	<b>amount</b>	<b>value</b>
	<b>RM</b>	<b>RM</b>
<b>Recognised</b>		
<b>Financial liabilities</b>		
Hire-purchase creditors	5,083,513	4,821,342
<b>Unrecognised</b>		
Contingent liabilities	-	*
<b>At 31 December 2011</b>		
<b>Recognised</b>		
<b>Financial liabilities</b>		
Hire-purchase creditors	3,621,134	3,467,511
<b>Unrecognised</b>		
Contingent liabilities	-	*
* <i>Negligible</i>		

(d) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

- (ii) Hire-purchase creditors

The fair values of hire-purchase creditors are estimated based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments and of the same remaining maturities.

- (iii) Quoted shares

The fair value of quoted shares in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business on the end of the reporting period.

(e) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

**33. FINANCIAL INSTRUMENTS (CONT'D)**

(e) Fair value hierarchy (cont'd)

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2012, the Group held the following financial instruments carried at fair value on the statements of financial position:

**Assets measured at fair value**

	2012 RM	Level 1 RM	Level 2 RM	Level 3 RM
Available for sale financial assets				
- Quoted shares	2,115	2,115	-	-
	2,115	2,115	-	-

As at 31 December 2011, the Group held the following financial instruments carried at fair value on the statements of financial position:

**Assets measured at fair value**

	2011 RM	Level 1 RM	Level 2 RM	Level 3 RM
Available for sale financial assets				
- Quoted shares	2,115	2,115	-	-
	2,115	2,115	-	-

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2012 and 31 December 2011.

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's overall financial risk management objective is to ensure that it creates value for its shareholders while minimising potential adverse effects on its performance. The Group is exposed mainly to interest rate risk, liquidity and cash flow risk as well as credit risk. Information on the management of the related exposures are detailed below:

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

Interest rate risk mainly arises from the Group's fixed deposits, short term funds and borrowings. The Group borrows at both fixed and floating rates of interest to generate the desired interest profile and to manage its exposure to interest rate fluctuations.

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2012 (CONT'D)

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(i) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ('WAEIR') as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and Company that are exposed to interest rate risk:

Group	Note	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
<b>At 31 December 2012</b>									
<b>Fixed rates</b>									
Fixed deposits with licensed banks	15	3.28	42,004,587	-	-	-	-	-	42,004,587
Short term funds with licensed financial institutions	15	4.41	37,291,672	-	-	-	-	-	37,291,672
Hire-purchase creditors	19	5.17	1,137,639	1,136,785	1,120,616	1,029,857	571,755	86,861	5,083,513
<b>Floating rates</b>									
Term loans	18	5.21	24,573,238	5,267,862	4,580,189	188,547	88,961	592,476	35,291,273
Revolving credit	18	5.10	400,000	-	-	-	-	-	400,000
Bank overdrafts	18	8.08	23,179,826	-	-	-	-	-	23,179,826
<b>At 31 December 2011</b>									
<b>Fixed rates</b>									
Fixed deposits with licensed banks	15	2.80	31,234,306	-	-	-	-	-	31,234,306
Hire-purchase creditors	19	5.14	748,517	730,835	707,924	670,585	558,654	204,619	3,621,134
<b>Floating rates</b>									
Bridging loan	18	8.10	75,091	-	10,906,481	-	-	-	10,981,572
Term loans	18	6.93	25,413,975	5,017,850	5,295,471	4,033,335	191,527	681,563	40,633,721
Revolving credit	18	5.08	400,000	-	-	-	-	-	400,000
Bank overdrafts	18	8.07	12,111,195	-	-	-	-	-	12,111,195

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(i) Interest rate risk (cont'd)

The following tables set out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and Company that are exposed to interest rate risk (cont'd):

		WAEIR	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	More than 5 years	Total
	Note	%	RM	RM	RM	RM	RM	RM	RM
<b>Company</b>									
<b>At 31 December 2012</b>									
<b>Fixed rates</b>									
Short term funds with licensed financial institutions	15	4.41	37,291,672	-	-	-	-	-	37,291,672

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and Company if interest rates at the end of reporting period changed by 100 basis points with all other variables held constant:

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit after tax				
- Increase by 1% (2011: 1%)	115,062	(273,850)	279,688	-
- Decrease by 1% (2011: 1%)	(115,062)	273,850	(279,688)	-

The sensitivity for the Group is higher in 2012 than in 2011 because of higher fixed deposits with licensed banks and short term funds placed with licensed financial institutions during the financial year. The sensitivity for the Company in 2012 is higher than 2011 because of short term funds placed with licensed financial institutions during the financial year. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations when due.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to mitigate the effects of fluctuations in cash flows.

**NOTES TO THE FINANCIAL STATEMENTS**  
31 DECEMBER 2012 (CONT'D)

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(ii) Liquidity and cash flow risk (cont'd)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Carrying amount RM	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
<b>31 December 2012</b>								
Borrowings	63,954,612	50,216,108	6,991,436	5,946,418	1,307,916	708,281	775,663	65,945,822
Trade and other payables	196,194,375	196,194,375	-	-	-	-	-	196,194,375
<b>Group</b>								
<b>31 December 2011</b>								
Borrowings	67,747,622	39,945,890	6,629,137	17,461,628	4,928,063	846,551	1,121,817	70,933,086
Trade and other payables	197,372,139	197,372,139	-	-	-	-	-	197,372,139

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(ii) Liquidity and cash flow risk (cont'd)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations (continued).

<b>Company</b>	<b>Carrying amount RM</b>	<b>Within 1 year RM</b>	<b>Total RM</b>
<b>31 December 2012</b>			
Other payables	1,000,835	1,000,835	1,000,835
<b>31 December 2011</b>			
Other payables	13,989,631	13,989,631	13,989,631

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a counter party to a financial instrument fails to perform as contracted. The Group is mainly exposed to credit risk from trade and other receivables as well as cash deposits. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that it is exposed to minimal credit risk.

Exposure to credit risk

At the end of the reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The credit risk concentration profile of the Group's trade receivables by industry sectors at the end of the reporting period is as follows:

	<b>Group</b>			
	<b>2012</b>		<b>2011</b>	
<b>By industry sectors:</b>	<b>RM</b>	<b>% of total</b>	<b>RM</b>	<b>% of total</b>
Property development	69,296,283	36%	54,156,882	27%
Construction	120,699,049	64%	150,067,872	73%
	<u>189,995,332</u>	<u>100%</u>	<u>204,224,754</u>	<u>100%</u>

The Company has major concentration of credit risk as at 31 December 2012 in respect of amounts owing by the subsidiaries of RM39,142,523 (2011: RM9,346,436).

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 14 to the financial statements. Deposits and bank balances are placed with reputable financial institutions with good standing. The Directors believe that the possibility of non-performance by the financial institutions is remote on the basis of their financial strength.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 14 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2012 (CONT'D)

### 35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 16 January 2012, the Company acquired the entire issued and paid up share capital of Broad Virtual Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.
- (b) On 16 April 2012, a subsidiary, AQRS The Building Company Sdn. Bhd. entered into a sale and purchase agreement with Ow Chee Cheoon and Ng Kit Heng, Directors of the Company, to purchase a parcel of leasehold land situated at Mukim Petaling, Selangor for RM23,970,000.
- (c) On 27 July 2012, the Company was listed on the Main Market of Bursa Malaysia Securities Berhad and made an IPO of 62,000,000 shares of RM0.25 each at an issue price of RM1.18 per ordinary share. The total proceeds from the IPO was RM73,160,000.

### 36. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 19 February 2013, a subsidiary, Prestige Field Development Sdn. Bhd. entered into a Sale and Purchase Agreement with Menteri Besar Selangor (Incorporated) to acquire a piece of land measuring approximately 30.11 acres in Lestari Perdana, Mukim of Petaling, Daerah Petaling for a total cash consideration of RM55,220,000.
- (b) On 5 March 2013, the Company acquired the entire issued and paid up share capital of Sinajasa Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.
- (c) On 6 March 2013, Sinajasa Sdn. Bhd. entered into a Share Sale Agreement with Sabah Economic Development Corporation to acquire 49% of the equity interest in Associated Concrete Products (Sabah) Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM3,469,200.
- (d) On 8 April 2013, a subsidiary, Grand Meridian Development Sdn. Bhd. entered into a conditional Sale and Purchase Agreement with Ocean Mix Sdn. Bhd. for the disposal of freehold land classified under investment property for a total cash consideration of RM50,000,000.
- (e) On 23 April 2013, the Board of Directors announced the following proposals:
  - (i) proposed bonus issue of 159,984,000 free warrants in the Company on the basis of nine warrants for every twenty existing ordinary shares of RM0.25 each in the Company held on entitlement date to be determined later;
  - (ii) proposed increase in the authorised share capital of the Company from RM100,000,000 to RM500,000,000; and
  - (iii) proposed amendments to the Memorandum and Articles of Association of the Company.

The above proposals are subject to the approvals of Bursa Malaysia Securities Berhad, Bank Negara Malaysia, shareholders and any other relevant authorities (if applicable).

### 37. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current year's presentation.

	Company	
	As previously reported RM	As restated RM
<b>Statements of cash flows</b>		
Cash flows from financing activities	13,806,834	-
Cash flows (used in)/from investing activities	<u>(9,606,436)</u>	<u>4,200,398</u>

**38. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES**

The retained earnings as at the end of the reporting period may be analysed as follows:

	2012	
	Group RM	Company RM
Total retained earnings of the Company and its subsidiaries		
- Realised	143,184,595	2,656,675
- Unrealised	334,577	-
	143,519,172	2,656,675
Add: Consolidation adjustments	(73,029,270)	-
	70,489,902	2,656,675

## LIST OF PROPERTIES

Land Title Details/ Location	Built-up Area (sq. ft.)	Land Area (hectares)	Description/ Existing Use	Tenure/ Age of Property	Date of Issuance of Certificates of Fitness for Occupation	Audited Net Carrying Amount as at 31 December 2012 (RM)
Geran 162711/M1/2/4, Lot 70891 2-1A Jalan Q 31/Q, Kota Kemuning 40460 Seksyen 31 Shah Alam, Selangor Darul Ehsan	1,539	-	1 unit on the 1st floor of a 4-storey shophot/ Vacant	Freehold/ Approximately 8 years	02.03.2000	145,689
H.S.(D) 247091, P.T No. 10900 G-58-G to G-58-2, Block G Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	8,425	-	1 unit of a 3-storey shophot/ AQRS' head office	Leasehold (99 years expiring on 03.09.2107)/ Approximately 4 years	11.03.2008	2,220,843
H.S.(D) 256293, Lot No. PT 47369 Sungai Buloh, Petaling Jaya, Selangor Darul Ehsan	-	1.1	On-going development land/ On-going commercial development of 2 blocks of office comprising 11 and 22 floors respectively and 1 block of 3-storey commercial building with 8-storey basement carpark in Damansara Perdana, Petaling Jaya, Selangor Darul Ehsan known as "The Altium"	99 years leasehold tenure expiring on 13.05.2108	-	38,582,161
GRN 54243 Lot 3413 & H.S.(D) 55933 Lot 6154 Mukim 6 Seberang Perai Tengah, Pulau Pinang	-	6.4	Vacant land/ 2 contiguous parcels of development land fronting north-eastern side of the North-South Expressway at the Juru rest and restaurant area (South- bound), Pulau Pinang	Freehold	-	32,377,589
GM 556, Lot No. 504 Ulu Kelang, Gombak Selangor Darul Ehsan	-	3.1	On-going development land/ On-going residential development project comprising 41 units of "Courtyard Villas Gated Community" with a clubhouse, a TNB substation and a security booth in Ulu Kelang, Gombak, Selangor Darul Ehsan known as "Contours"	Freehold	-	16,505,332
H.S.(D) 484873 to 484880 Lot No. PTD 202777 to PTD 202784 (inclusive) Plentong, Johor Baru, Johor Darul Takzim	-	2.4	Vacant commercial land/ Proposed commercial development in Permas Jaya, Johor Baru, Johor Darul Takzim	99 years leasehold tenure expiring on 17.08.2109	-	6,706,071

**STATISTICS OF SHAREHOLDINGS**  
AS AT 30 APRIL 2013

Authorised Share Capital	: RM100,000,000.00 divided into 400,000,000 ordinary shares of RM0.25 each
Share Capital Issued	: 355,520,000 ordinary shares of RM0.25 each
Paid-Up Share Capital	: RM88,880,000.00
Class of Shares	: Ordinary shares of RM0.25 each
Voting Rights	: One vote per shareholder on show of hands or one vote per ordinary share on a poll

**ANALYSIS BY SIZE OF SHAREHOLDINGS**

Size of Holdings	No. of Holders	No. of Shares Held	% of Issued Shares
Less than 100	6	132	*
100 to 1,000	222	169,800	0.05
1,001 to 10,000	543	2,851,376	0.80
10,001 to 100,000	441	12,435,000	3.50
100,001 to less than 5% of issued shares	71	123,598,700	34.76
5% and above of issued shares	5	216,464,992	60.89
<b>Total</b>	<b>1,288</b>	<b>355,520,000</b>	<b>100.00</b>

**SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2013**

No.	Name	Direct Interest		Deemed Interest	
		No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
1.	Ng Chun Seong	64,778,900	18.22	35,406,592 <sup>(1)</sup>	9.96 <sup>(1)</sup>
2.	Shahrum Niza bin Yahya	47,035,800	13.23	-	-
3.	Meriah binti Nasibi	35,506,600	9.99	-	-
4.	Ng Chun Kooi	35,406,592	9.96	64,778,900 <sup>(1)</sup>	18.22 <sup>(1)</sup>
5.	Lim Ann Kok	33,737,100	9.49	-	-
6.	Bernard Lim Soon Chiang	18,473,000	5.20	-	-

Notes:

<sup>(1)</sup> Deemed interested by virtue of his brother's interest in the Company pursuant to Section 6A of the Companies Act, 1965.

\* negligible

**DIRECTORS' DIRECT AND DEEMED INTERESTS IN THE COMPANY AND/OR ITS RELATED CORPORATIONS AS AT 30 APRIL 2013**

Name of Directors	Direct Interest		Deemed Interest	
	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Datuk Kamarudin bin Md. Ali	-	-	-	-
Ng Chun Kooi	35,406,592	9.96	64,778,900 <sup>(1)</sup>	18.22 <sup>(1)</sup>
Ng Kit Heng	15,576,000	4.38	-	-
Ow Chee Cheoon	15,576,000	4.38	-	-
Saaban bin Mohamed Sidik	50,000	0.01	-	-
Badil Zaman bin Fazul Rahman	500,000	0.14	-	-
Meriah binti Nasibi	35,506,600	9.99	-	-
Dato' Azizan bin Jaafar	200,000	0.06	-	-
Loo Choo Hong	100,000	0.03	-	-
Muk Sai Tat	-	-	-	-

Note:

<sup>(1)</sup> Deemed interested by virtue of his brother's interest in the Company pursuant to Section 6A of the Companies Act, 1965.

**STATISTICS OF SHAREHOLDINGS**  
AS AT 30 APRIL 2013 (CONT'D)

**TOP 30 SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS**  
AS AT 30 APRIL 2013

No.	Name	No. of Issued Shares	% of Issued Shares
1.	Ng Chun Seong	64,778,900	18.22
2.	Shahrums Niza bin Yahya	47,035,800	13.23
3.	Meriah binti Nasibi	35,506,600	9.99
4.	Ng Chun Kooi	35,406,592	9.96
5.	Lim Ann Kok	33,737,100	9.49
6.	Ow Chee Cheoon	15,576,000	4.38
7.	Ng Kit Heng	15,576,000	4.38
8.	Bernard Lim Soon Chiang	14,703,000	4.14
9.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mok Sew Wah</i>	11,719,700	3.30
10.	Ng Keong Wee	11,000,000	3.09
11.	Lee Kuan Chen	8,000,000	2.25
12.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Wong Tze Leng (SMART)</i>	5,437,500	1.53
13.	Syarikat Muhibah Perniagaan Dan Pembinaan Sdn Bhd	5,212,400	1.47
14.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Bernard Lim Soon Chiang (SMART)</i>	3,770,000	1.06
15.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Cheng Ting In (SMART)</i>	3,690,000	1.04
16.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Khoo Boo Lye</i>	2,331,000	0.66
17.	M&A Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Tze Leng (PNG)</i>	2,060,000	0.58
18.	Zainal bin Ahmad	2,000,000	0.56
19.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tu Chia Ee</i>	1,946,900	0.55
20.	JF Apex Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tu Chia Ee (Margin)</i>	1,500,000	0.42
21.	Imaprima Sdn Bhd	1,200,000	0.34
22.	HLB Nominees (Tempatan) Sdn Bhd <i>Ta Kin Yan (CSD SIN/TKY)</i>	1,000,000	0.28
23.	Tang Ying See	925,000	0.26
24.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Kenanga Capital Sdn Bhd for Tong Hock Sen</i>	910,000	0.26
25.	Lim Gaik Bway @ Lim Chiew Ah	898,000	0.25
26.	Yoong Chew Hing	815,000	0.23
27.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Kenanga Capital Sdn Bhd for Yau Kok Seng</i>	800,000	0.23
28.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Seow Kan Lam</i>	745,000	0.21
29.	Julieza binti Mohamed Ibrahim	539,600	0.15
30.	Zilan bin Zainal Abidin	539,600	0.15
	<b>Total</b>	<b>329,395,692</b>	<b>92.66</b>

## NOTICE OF 3RD ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 3rd Annual General Meeting of the Company will be held at Eugenia and Dillenia Rooms, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Friday, 28 June 2013 at 10.00 a.m. for the transaction of the following businesses:-

### A G E N D A

#### Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2012 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**
2. To declare a Final Single Tier Dividend of 1.56 Sen per ordinary share of RM0.25 each in the Company in respect of the financial year ended 31 December 2012. **Resolution 1**
3. To re-elect the following Directors who retire in accordance with Article 95 of the Company's Articles of Association and who being eligible offer themselves for re-election:-
  - (i) Puan Meriah binti Nasibi **Resolution 2**
  - (ii) Mr Loo Choo Hong **Resolution 3**
4. To re-elect Mr Muk Sai Tat who retires by rotation in accordance with Article 101 of the Company's Articles of Association and who being eligible offers himself for re-election. **Resolution 4**
5. To re-appoint BDO as Auditors of the Company for the financial year ending 31 December 2013 and to authorise the Board of Directors of the Company to determine their remuneration. **Resolution 5**
6. To approve the payment of Directors' fees amounting to RM258,000 for the financial year ended 31 December 2012. **Resolution 6**

#### Special Business

7. To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution:-

**Authority to issue shares pursuant to Section 132D of the Companies Act, 1965** **Resolution 7**

"**THAT** subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals from the relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors of the Company may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

**AND THAT** the Directors of the Company, whether solely or jointly, be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Main Market of Bursa Malaysia Securities Berhad **AND** be hereby authorised to do all such acts and things including executing all relevant documents as he/they may consider expedient or necessary to complete and give full effect to the abovesaid mandate."
8. To transact any other business that may be transacted at an Annual General Meeting, due notice of which shall have been given in accordance with the Companies Act, 1965 and the Articles of Association of the Company.

#### BY ORDER OF THE BOARD

**WONG WAI FOONG (MAICSA 7001358)**

**WONG PEIR CHYUN (MAICSA 7018710)**

Company Secretaries

Kuala Lumpur  
6 June 2013

## NOTICE OF 3RD ANNUAL GENERAL MEETING (CONT'D)

### Notes:

#### 1. Appointment of Proxy

- (1) A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend this meeting and vote in his stead. Where a holder appoints two (2) proxies to attend and vote at the same meeting, such appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (2) A proxy may, but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- (3) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (4) Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (5) Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (6) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.
- (7) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority shall be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- (8) For the purpose of determining a member who shall be entitled to attend this 3rd Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 68(ii) of the Articles of Association of the Company and Section 34(1) of SICDA to issue a General Meeting ROD as at 24 June 2013. Only a depositor whose name appears on the ROD as at 24 June 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.

#### 2. Audited Financial Statements for the financial year ended 31 December 2012

The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of the shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders.

#### 3. Re-election of Director pursuant to Article 95 of the Articles of Association of the Company

Encik Saaban bin Mohamed Sidik who retires in accordance with Article 95 of the Articles of Association of the Company, has expressed his intention not to seek re-election. Hence, Encik Saaban will retain office until the close of this 3rd Annual General Meeting.

#### 4. Explanatory Notes on Special Business

##### **Ordinary Resolution 7 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

The Ordinary Resolution 7 proposed under agenda 7 above is a general mandate to be granted by the shareholders at the Annual General Meeting for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965. Since the Company's last Annual General Meeting, 62,000,000 new ordinary shares of RM0.25 each in the Company had been issued in pursuance to the Initial Public Offering exercise undertaken by the Company.

The proposed Ordinary Resolution 7, if passed, will give the Directors of the Company, from the date of the above Meeting, the authority to issue and allot ordinary shares from the unissued share capital of the Company up to an amount not exceeding in total ten per centum (10%) of the total issued share capital of the Company for the time being for such purposes as the Directors of the Company consider would be in the best interest of the Company. There will be no adverse effect on the share price in such cases, as the new issuance would not be priced at a discount of more than ten per centum (10%) of the weighted average market price for five (5) market days before the price-fixing date. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

The general mandate, if granted, will provide flexibility to the Company for any future fund raising activities, including but not limited to further placing of shares for the purposes of funding future investment project(s), repayment of bank borrowings, working capital and/or acquisition(s) and, in addition to enhancing efficiency in implementing the same, it will reduce the administrative time and costs associated with the convening of additional shareholders' meeting(s) for the purposes of seeking shareholders' approval for such issue of shares.



GABUNGAN AQRs BERHAD  
(912527-A)

# FORM OF PROXY

Number of shares held	
CDS account no.	

\*I/We, \_\_\_\_\_ Company No./NRIC No.  
(full name as per NRIC/Certificate of Incorporation in capital letters)

\_\_\_\_\_ of \_\_\_\_\_  
(full address)

being a member of **GABUNGAN AQRs BERHAD** hereby appoint \_\_\_\_\_  
(full name as per NRIC in capital letters)

NRIC No. \_\_\_\_\_ or failing him/her, \_\_\_\_\_  
(full name as per NRIC in capital letters)

NRIC No. \_\_\_\_\_ or failing him/her the Chairman of the Meeting as \*my/our proxy, to vote for \*me/us on \*my/our behalf at the 3rd AGM of the Company to be held at Eugenia and Dillenia Rooms, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Friday, 28 June 2013 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of 3rd AGM.

\*My/Our proxy(ies) \*is/are to vote as indicated below:-

Ordinary Business		For	Against
	To receive Audited Financial Statements for the year ended 31 December 2012 and Reports of Directors and Auditors thereon		
<b>Resolution 1</b>	To declare Final Single Tier Dividend		
<b>Resolution 2</b>	To re-elect Puan Meriah binti Nasibi as Director (Article 95)		
<b>Resolution 3</b>	To re-elect Mr Loo Choo Hong as Director (Article 95)		
<b>Resolution 4</b>	To re-elect Mr Muk Sai Tat as Director (Article 101)		
<b>Resolution 5</b>	To re-appoint BDO as auditors of the Company and to authorise the Board of Directors to determine their remuneration		
<b>Resolution 6</b>	To approve payment of Directors' fees for financial year ended 31 December 2012		
Special Business			
<b>Resolution 7</b>	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		

**(Please indicate with an "X" in the appropriate box against each Resolution how you wish your vote to be cast. If no specific direction as to how the proxy shall vote, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.)**

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

\_\_\_\_\_  
Signature(s)/Common Seal of Member(s)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
<b>Total</b>		<b>100%</b>

## NOTES:

- A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend this meeting and vote in his stead. Where a holder appoints two (2) proxies to attend and vote at the same meeting, such appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- A proxy may, but need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority shall be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- For the purpose of determining a member who shall be entitled to attend this 3rd Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 68(ii) of the Articles of Association of the Company and Section 34(1) of SICDA to issue a General Meeting ROD as at 24 June 2013. Only a depositor whose name appears on the ROD as at 24 June 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or speak and/or vote on his/her behalf.

\* Delete if not applicable

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AFFIX  
STAMP  
HERE

The Company Secretary  
**GABUNGAN AQRS BERHAD** (912527-A)  
Level 18, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
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Malaysia.

Tel: 03 6141 8181  
Email: [enquiries@gaqrs.com.my](mailto:enquiries@gaqrs.com.my)