



GABUNGAN AQRs BERHAD
(912527-A)



Strengthening Our Capabilities

Annual Report **2013**



COVER RATIONALE

At Gabungan AQRs, we understand that many factors are involved in ensuring our continuing business success. Through visionary leadership, exemplary management skills, and celebration of the entrepreneurial spirit, we bring all the pieces of the puzzle together, further strengthening our capabilities such as our core competencies, in-depth industry knowledge, enhancing employees' positive attributes and deepening real-world experience.



CORPORATE

- 02** Corporate Profile
- 03** Corporate Information
- 04** Group Corporate Structure
- 05** Financial Highlights
- 06** Chairman's Statement
- 10** Management Review
- 14** Board of Directors
- 16** Directors' Profile

- 20** Statement on Corporate Governance
- 25** Additional Compliance Information
- 26** Audit Committee Report
- 29** Statement on Risk Management and Internal Control
- 31** Statement By Nomination Committee
- 32** Corporate Responsibility Statement
- 33** Directors' Responsibility Statement

FINANCIAL REPORTS

- 35** Directors' Report
- 39** Statement By Directors
- 39** Statutory Declaration
- 40** Independent Auditors' Report
- 42** Statements of Financial Position
- 43** Statements of Profit or Loss and Other Comprehensive Income
- 44** Consolidated Statement of Changes in Equity
- 45** Statement of Changes In Equity
- 46** Statements of Cash Flows
- 48** Notes to the Financial Statements



LIST OF PROPERTIES

109 List of Properties

STATISTICS OF SHAREHOLDINGS

111 Statistics of Shareholdings

111 Analysis by Size of Shareholdings

111 Substantial Shareholders

111 Directors' Direct and Deemed Interests in Shares

112 Top 30 Securities Account Holders

STATISTICS OF WARRANT HOLDINGS

114 Statistics of Warrant Holdings

114 Analysis by Size of Warrant Holdings

114 Substantial Warrant Holders

114 Directors' Warrant Holdings

115 Top 30 Warrant Holders

NOTICE OF MEETING

117 Notice of 4th Annual General Meeting

121 Statement Accompanying Notice of Annual General Meeting

125 Information for Shareholders on Annual General Meeting

126 Abbreviations

Form of Proxy

CORPORATE PROFILE

Gabungan AQRS Berhad (“the Company”) is an integrated construction and engineering service provider and niche lifestyle property developer. It started its roots in the building and civil engineering construction in 1996 via its building and civil engineering construction arm and eventually evolved into its present status in 2003.

With its listing on the official list of Bursa Securities on 31 July 2012, the Company and its group of Companies (“the Group”) is now capable of undertaking larger-scale projects in terms of contract size and complexity both in the local and international markets. The Company always focuses on creating value for its customers while providing them with innovative solutions.

As an ISO 9001:2008 certified group of companies, and with its achievements and strength founded on strong financial resources backed by a team of experienced technical and management personnel, the Group is ever more committed to executing and delivering projects within a framework of quality, timely delivery and adherence to prescribed budgets.

VISION

Our vision is to be a premier leader of integrity, innovation and excellence in the construction and property development sectors both locally and abroad.

MISSION

- We are committed to delight our customers by providing excellent and responsive customer service.
- Our employees are our biggest asset; we are committed to provide training and a safe and healthy working environment so that we can succeed and excel as a team.
- We pursue technical knowledge, expertise and continuous work process improvements. We share ideas and knowledge, tapping the expertise and skills of team members to deliver innovative products and services with enhanced value.
- We will contribute to the nation’s economic and social objectives.
- We foster a working environment that encourages creativity, innovation, excellence, professional and financial growth to ensure our shareholders receive equitable returns on their investment.
- We will contribute our resources for the well-being of the environment and community.

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





BOARD OF DIRECTORS

DATUK KAMARUDIN BIN MD ALI
*Independent, Non-Executive Director
and Chairman*

NG CHUN KOOI
Executive Director and Chief Executive Officer

OW CHEE CHEOON
Executive Director

DATO' AZIZAN BIN JAAFAR
Executive Director

BERNARD LIM SOON CHIANG
Executive Director and Chief Financial Officer

BADIL ZAMAN BIN FAZUL RAHMAN
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

RISK MANAGEMENT COMMITTEE

Ng Chun Kooi (Chairman)
Bernard Lim Soon Chiang (Deputy Chairman)
Ow Chee Cheoon
Dato' Azizan bin Jaafar
Muk Sai Tat
Wang Yeong Khang

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 EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Construction

	Shares	Warrants
Stock Name	: GBGAQRS	GBGAQRS-WA
Stock Code	: 5226	5226WA

SECRETARY

Tong Siut Moi (MAICSA 7024173)

SHARE REGISTRAR

Equiniti Services Sdn Bhd
Level 8, Menara MIDF
82, Jalan Raja Chulan
50200 Kuala Lumpur
Tel : 603 - 2166 0933
Fax : 603 - 2166 0688

REGISTERED OFFICE

G-58-1, Blok G
Jalan Teknologi 3/9
Bistari 'De' Kota
Kota Damansara, PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 - 6141 8870
Fax : 603 - 6141 8872

PRINCIPAL OFFICE

G-58-1, Blok G
Jalan Teknologi 3/9
Bistari 'De' Kota
Kota Damansara, PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 - 6141 8870
Fax : 603 - 6141 8871
Email : enquiries@gaqrs.com.my
Website : www.gaqrs.com.my

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 3190/3191

PRINCIPAL BANKERS

Affin Bank Berhad
United Overseas Bank (Malaysia) Bhd

GROUP CORPORATE STRUCTURE



GABUNGAN AQRS BERHAD
(912527-A)

CONSTRUCTION



Gabungan Strategik
Sdn Bhd



Pembinaan Megah
Ikhlas Sdn Bhd



Motibina Sdn Bhd

PROPERTY DEVELOPMENT



AQRS The Building Company Sdn Bhd



Prestige Field Development
Sdn Bhd



Nusvista
Development
Sdn Bhd



Grand Meridian
Development
Sdn Bhd



Bright Reach
Sdn Bhd



Crystal Aspect Sdn Bhd



Sinajasa Sdn Bhd



SEDCO Precast Sdn Bhd
(formerly known as Associated Concrete
Products (Sabah) Sdn Bhd)



Kreatif Sinar Gabungan Sdn Bhd



Gabungan AQRS Management Sdn Bhd



Gabungan AQRS Properties Sdn Bhd
(formerly known as Seni Lumayan Sdn Bhd)



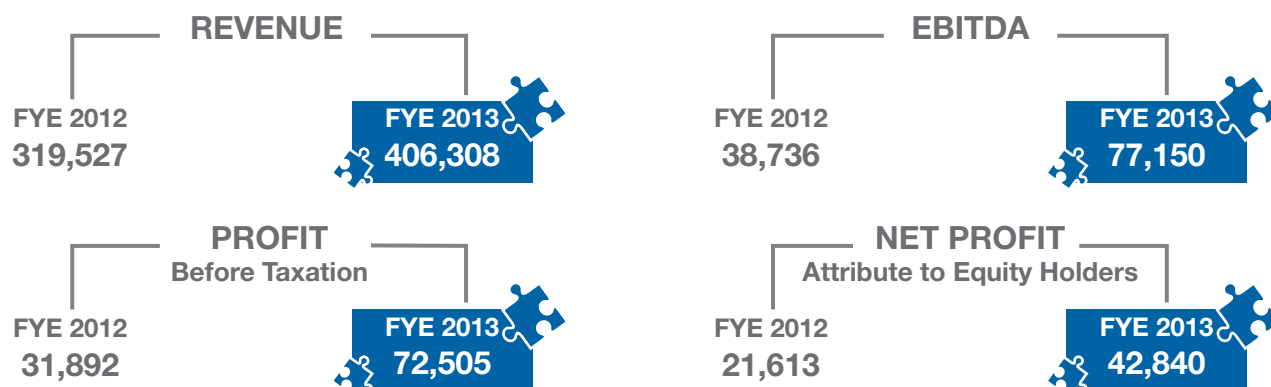
Gabungan AQRS Capital Sdn Bhd



Broad Virtual Sdn Bhd



Summarised Statements of Comprehensive Income For The Financial Year Ended 31 December (RM'000)



Statements of Financial Position As At 31 December (RM'000)

	2012	2013
Total Non-Current Assets	46,275	71,348
Total Current Assets	439,760	592,132
Total Assets	486,035	663,480
Share Capital	88,880	88,880
Reserves	126,530	162,354
Shareholder's Equity	215,410	251,234
Non-Controlling Interests	2,150	10,919
Total Equity	217,560	262,153
Total Non-Current Liabilities	17,057	36,992
Total Current Liabilities	251,418	364,335
Total Equity and Liabilities	486,035	663,480

Summarised Statements of Cash Flows For the Financial Year Ended 31 December (RM'000)

	2012	2013
Operating Profit Before Working Capital Changes	34,357	59,706
Net Cash Flows Used in Operating Activities	(24,099)	(83,580)
Net Cash Flows (Used in)/From Investing Activities	(12,811)	3,650
Net Cash Flows From Financing Activities	54,117	24,603
Net Increase/(Decrease) in Cash and Cash Equivalents	17,207	(55,327)
Cash and Cash Equivalents at Beginning of Year	7,609	24,816
Cash and Cash Equivalents at End of Year	24,816	(30,511)

Financial Analysis

	2012	2013
EBITDA Margin	12.12%	18.99%
Profit Before Tax Margin	9.98%	17.84%
Net Profit Margin	6.76%	10.54%
Free Cash Flow (RM'000)	(26,603)	(89,171)
Returns on Average Shareholders Equity (ROE)	12.8%	18.4%
Returns on Average Total Assets (ROA)	4.8%	7.5%
Earnings Per Share (sen)*	6.75	12.05
Net Dividends Per Share (sen)^	1.56	1.91
Payout Ratio	25.7%	15.8%
Cash and Bank Balances (RM'000)	90,001	63,388
Total Borrowings (RM'000)	63,955	134,192
Net Gearing (x)	Net cash	0.21

* Based on weighted average number of ordinary shares in issue

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



DATUK KAMARUDIN MD. ALI
Independent Non-Executive Chairman



Dear Shareholders,

“ Despite the dampened global sentiment resulting from the crisis in Eurozone and the market slowdown in the United States of America, the Malaysian economy proved to be largely resilient in 2013. The country's Gross Domestic Product (“GDP”) continued to expand by 4.7% albeit at a slower pace as compared to 5.6% in the previous year.

The local construction scene remained robust, recording strong growth in 2013. The sector was driven by several large-scale infrastructure projects including the construction of the Klang Valley My Rapid Transit (“KVMRT”) and extension of the Light Rail Transit (“LRT”) networks, oil and gas-related projects, as well as construction of property developments.

On the other hand, buyer demand in the local property sector was volatile particularly in the second half of the year, due to cautious sentiment arising from the Government's announcement of cooling measures to reduce property speculation.

Nevertheless, with our steadfast commitment to delivery, the Company and the Group performed commendably for our financial year ended 31 December 2013 (“FYE 2013”). Therefore, on behalf of the Board of Directors, I am pleased to present the Annual Report and audited financial results of the Company for the FYE 2013.



FINANCIAL OVERVIEW

Group revenue marked a significant 27.2% jump to RM406.3 million in the year under review, as compared to RM319.5 million recorded in the previous year.

The growth in the Group's topline for FYE 2013 was attributed to healthy expansion in both the Group's business divisions of construction and property development.

The construction division contributed RM283.7 million in topline, becoming the Group's main revenue driver making up 70% of total revenue. The 5.1% growth year-on-year from RM269.8 million previously was on the back of higher revenue recognition from higher work progress for our ongoing construction projects.

Consequently, the Group's property development division more than doubled its revenue in FYE 2013 to RM122.6 million versus RM49.7 million in the previous year. The segment, which accounted for 30% of total revenue, noted enhanced take-up rates and higher revenue recognition from the property projects in Iskandar Malaysia and the Klang Valley.

The Group's profitability was further boosted by a post-tax gain of RM15.3 million from the sale of two adjoining pieces of land in Penang. The disposal of the land was in line with our objective to focus on our property development efforts in Klang Valley and Iskandar Malaysia.

Thus, the strong revenue flow, favourable sales mix and net gain enabled the Company to conclude FYE 2013 positively with RM42.8 million in net profit attributable to shareholders, nearly doubling that of RM21.6 million achieved in the financial year ended 31 December 2012 (“FYE 2012”). Basic earnings per share (“EPS”) for the year under review amounted to 12.0 sen versus 6.8 sen previously.

The higher retained profits boosted shareholders' equity to RM251.2 million as at end-2013 versus RM215.4 million a year ago. Cash and cash equivalents (inclusive of short term funds) stood at RM63.4 million, from RM90.0 million previously.

The Group's larger revenue base necessitated higher working capital requirements, which bumped up total borrowings to RM134.2 million from RM64.0 million a year ago. Even so, the Company achieved net gearing level of 0.21 times as at end-December 2013 – well within the Group's manageable range.

DIVIDEND

In respect of FYE 2013, the Board has proposed a final single tier dividend of 1.91 sen per share for shareholders' consent at the upcoming Annual General Meeting. If approved, this translates to a dividend payout of RM6.8 million.

BUSINESS OUTLOOK

In its 2013 annual report, Bank Negara Malaysia forecasts that the Malaysian economy will continue its steady growth, expanding by about 4.5% to 5.5% in 2014. The construction sector is expected to continue its high growth phase in the year, underpinned by the steady flow of infrastructure and civil engineering projects.

We believe that our track record of undertaking several high-impact projects in the past places us in good stead to play a key role for some of these projects, thus giving us the opportunity to further strengthen our construction orderbook.

Simultaneously, we are taking steps to continue supporting the ongoing development in various states in the country. To this end, the Company has invested in a 30% stake in Kreatif Sinar Gabungan Sdn Bhd ("Kreatif Sinar Gabungan"). Kreatif Sinar Gabungan – formed by the Company, Tanah Makmur Berhad (formerly known as Kreatif Selaras Sdn Bhd) and Sinar Realiti Sdn Bhd - has submitted a proposal to undertake the construction of the new Pahang state administration centre (Pusat Pentadbiran Sultan Ahmad Shah) in the capital city of Kuantan.



On the other hand, the property development sector is set for a challenging year in light of the cautious buyer sentiment resulting from the Government's measures to curb property speculation. Given this, buyers would likely become more selective of their property purchases in 2014.

Still, from our perspective, this presents an avenue of opportunity for a niche developer such as the Company, with our projects mainly located in areas of high growth.

A case in point is our successful acquisition of a 30.1-acre piece of land in Lestari Perdana, Selangor, for RM55.2 million on 28 October 2013. Boasting of excellent transport connectivity and situated within an increasingly-affluent vicinity, the development would be a positive addition to our existing portfolio.

To further strengthen our foothold in Selangor, the Group acquired a 19.0-acre piece of land in Dengkil, for a cash consideration of RM35.6 million on 26 September 2013. Given the land's serenity by a lake and strategic location within close proximity to an existing high-end development, we opine that this land holds tremendous potential to be nurtured into a high-growth vicinity in the near future.

With these exciting developments, the Group found it necessary to expand and consolidate its operations in preparation for the next phase of growth. Therefore, we purchased two double-storey and a corner three-storey shop offices at Bistari 'De' Kota, Kota Damansara, Selangor, to be utilised as additional office space. Located nearby our headquarters, it allows us to expand our workforce alongside the larger operations base.

That said, the Group has upheld our commitment to reward shareholders for the ongoing support to the Group. In addition to the dividend payments, the Group also successfully issued approximately 160.0 million warrants on 25 July 2013 on the basis of 9 warrants for every 20 existing ordinary shares of RM0.25 each.





Issued at no cost to shareholders, the exercise price of the 5-year warrants is at RM1.30 per warrant. This corporate exercise would potentially raise up to RM208.0 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.

While 2014 is bound to be a challenging year for the Group, our track record and growth strategies form the basis of our confidence in our prospects going forward.



APPRECIATION

I would like to extend my sincere appreciation to the Board of Directors, the management team and staff of the Group whose dedications have raised the Group to new heights.

To this end, I would like to express my gratitude to Mr Ng Kit Heng, one of the founding members of the Company, and Encik Saaban bin Mohamed Sidik for their contributions to the Group. Both have served the Group as Executive Directors ("EDs") over the years and they have stepped down from the Board in FYE 2013 to pursue personal objectives. We wish them well in their future endeavours.

Meanwhile, I would also like to welcome Mr Bernard Lim Soon Chiang, the Group's Chief Financial Officer ("CFO"), who was appointed to the Board as an ED on 31 July 2013.

Finally, we note our thanks to all valued shareholders for their unwavering support throughout the year. We hope to count on your unwavering support as we continue growing from strength to strength.

Thank you.

Datuk Kamarudin bin Md. Ali
Independent Non-Executive Chairman
4 June 2014



Ng Chun Kooi

Executive Director and Chief Executive Officer



“ I am heartened that the Company charted strong double digit growth in group revenue to RM406.3 million in FYE 2013, owing to considerable progress in our construction and property development business divisions.

This reflects positively on our tenacity to deliver on the projects’ milestones in the year under review. ”

CONSTRUCTION DIVISION

Revenue from our construction division increased to RM283.7 million in FYE 2013, versus RM269.8 million a year ago. This resulted from higher revenue recognition due to higher work progress done for our ongoing projects.

On top of that, the Group actively participated in numerous tenders to beef up its orderbook. With that, I am delighted to announce that our orderbook as at end-2013 amounted to RM1.2 billion, which will sustain the Group till 2016.

Project Updates

FYE 2013 saw the Group continue our focus on achieving key milestones in our ongoing projects nationwide. Among our notable construction division projects were: -

Klang Valley My Rapid Transit (KVMRT) Package V1 (Sungai Buloh to Kota Damansara station)

Having secured the Package V1 of the KVMRT project in September 2012 from Syarikat Muhibah Perniagaan dan Pembinaan Sdn Bhd (“SMPP”), I am pleased to report that we have made steady headway in our deliverables for this job; the Group’s single-largest contract secured to date.

Considering the urgency of this major undertaking, we made good progress and completed 46% of construction works as at end-FYE 2013. We believe that our portion of works is on track for completion in the first quarter of 2016.



Upgrading roadworks along Jalan Rantau to Sungai Gadut (Negeri Sembilan)

In addition to that, the Group also completed about 39% of our road enhancement works along Jalan Rantau to Sungai Gadut in Negeri Sembilan as at end-FYE 2013. Awarded to us by the Jabatan Kerja Raya Malaysia in July 2012, this project is slated for completion by end-2014.

More significantly, the Company continued to obtain the vote of confidence from the public and private sector to undertake their building requirements. This was demonstrated in the Group’s contract wins in FYE 2013, namely:-

Package MSRP9: Construction and completion of multi-storey car park building, external works and other associated works at Kajang

On 18 July 2013, the Group received a letter of award from SMPP worth RM21.0 million to construct and complete a multi-storey car park building located within the premise of the Kajang KVMRT station. Having already undertaken similar projects of this stature, we are well poised to complete the job within the stipulated criteria. The project is targeted to be fully delivered by the fourth quarter of 2015.

Tropicana Metropark

On 2 December 2013, the Group announced that it had been appointed by GDP Architects Sdn Bhd to undertake the construction of Tropicana Metropark in Subang Jaya, Selangor for a contract sum of RM173.0 million.

This contract will see the Group construct two towers of 28-storey serviced apartments complete with infrastructure and amenities such as a multipurpose hall, swimming pool, gymnasium, and multi-level car park.

We are delighted to be entrusted with the opportunity to develop this iconic landmark in the Klang Valley and are gearing for the project’s completion by mid-2016.

Further to that, the Group was awarded another contract worth RM42.6 million by RSP Architects Sdn Bhd on 1 April 2014 to undertake the earthworks, piling work, substructure works, reinforced concrete frame, upper floor slabs and staircases for the Tropicana Metropark project.



Future Prospects

Even as Bank Negara Malaysia expects the country's economy to expand by 4.5% to 5.5% in 2014, it has identified the construction industry to expand at a quicker pace of about 10% in the year.

This is echoed in the Government's Budget 2014 announcement in which several large scale construction projects were announced, such as the new air traffic management centre in Kuala Lumpur International Airport (KLIA), "park and ride" facilities at Light Rail Transit (LRT), KTM commuter and Express Rail Link (ERL) stations, KVMRT Line 2 project, Kwasa Damansara and, the Refinery & Petrochemical and Integrated Development (RAPID) project in Pengerang.

Equipped with the experience and portfolio of successfully developing similar undertakings in the past, we are optimistic of our prospects as we actively tender for these high-impact public infrastructure projects in 2014.

We are also buoyant of playing an important role in the construction of the new administrative centre of Pahang situated in Kuantan, through the Group's joint-venture company, Kreatif Sinar Gabungan. This landmark building is timely, in view of the state's increasing status as a rapidly-developing economy fuelled by domestic and foreign investments.

Furthermore, the Group is still focused on growing our business through merger and acquisition. Thus, we are still on the lookout for potential acquiree companies in the mechanical and engineering ("M&E") sector to complement our existing construction business.

We believe that having an in-house M&E division would not only extend our value chain of services, but also potentially create a new recurring income stream via the provision of building maintenance services.

Altogether, the year ahead looks promising for the Group's construction division. On top of RM1.2 billion yet-to-be-billed works as at end-December 2013 - which will sustain the Group till 2016 - we are poised to seize any opportunities that may come our way.

PROPERTY DIVISION

I am pleased to report that despite the uncertainties that clouded the property sector, revenue for our property division made a strong comeback in FYE 2013 to RM122.6 million from that of RM49.7 million in the previous year.

This outstanding growth was on the back of higher billings from our commercial and residential projects at Iskandar Malaysia and the Greater Kuala Lumpur.

Project Updates

The year under review saw the Group complete our *Contours* residential project, a RM157.4 million Gross Development Value ("GDV") development in Melawati Heights, Selangor that consists of 41 units of 'courtyard villas'; and *Gombak Grove* 25 units zero-lot bungalow project, a RM61.8 million GDV development in Gombak, Selangor.

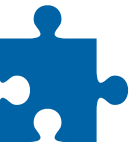
Besides that, the Group also made progress in our property development division by launching a number of projects in the year under review. These include:-

'The Peak' at Flagship A of Iskandar Malaysia

The Group announced, in April 2013, its first foray into the Iskandar Malaysia region with the launch of our first high-rise and high-end residential project, *The Peak*. The RM556.5 million GDV development consists of 668 units of 'Sky Villa' serviced apartments with a Sky Garden and luxurious amenities.

Located in the city centre of Johor Bahru Flagship A of Iskandar Malaysia and only 7 minutes away from the CIQ-Customs & Immigration Quarantine Complex, *The Peak* enables its residents to enjoy highly-convenient connectivity to major highways such as the North-South Highway and Eastern Dispersal Link.





‘Permas Centro’ at Permas Jaya, Johor

Further strengthening our presence in the Iskandar Malaysia region, we launched our first commercial project in Flagship D of Iskandar Malaysia - *Permas Centro* - in July 2013.

The RM144.6 million GDV development consists of 99 units of three and four-storey shop offices situated near the city centre of Johor Bahru, with access to numerous highways like the North-South Highway, Eastern Dispersal Link, Second Permas Jaya Bridge, and Johor Bahru Coastal Highway.

It is noteworthy that, *Permas Centro* is aptly located within a mature community area next to a golf course and various amenities; effectively reaching out to more than 300,000 residents. We target to complete this project by the second half of 2015.

‘The Avenue’ at Kinrara Uptown, Selangor

The Group also continued to make steady progress with our mixed development of *The Avenue* which was launched last year.

The Avenue, with a GDV of RM209.3 million, entails 177 units of shop offices, and easily accessible via the Bukit Jalil Highway and Maju Expressway. We intend to complete the first phase of this project in mid-2014.

Catalysts of Growth

Mindful of the various challenges anticipated in the property sector in 2014, the Group is nonetheless committed to growing our business further by leveraging on our property projects’ sustainable and unique value propositions.

We intend to accomplish this objective by firstly, increasing our marketing efforts to enhance the take-up rates of our ongoing projects. We are confident that our competitive pricing and the strategic location of our projects will continue to attract buyers in the coming year.

Secondly, we have in our pipeline up to RM1.0 billion GDV worth of property projects that is targeted to be launched in the second half of 2014. These projects include:-

‘The LINQ’ at Kinrara Uptown, Selangor

Representing the second phase of our Kinrara Uptown development, *The LINQ*, similar to *The Avenue*, will be located within the high-growth area of Puchong, via Putrajaya and Cyberjaya; offering high accessibility via various highways such as the Bukit Jalil Highway and Maju Expressway.

‘Westlake’ at the fringe of Cyberjaya, Selangor

As announced in September 2013, the Group purchased a 19.0-acre piece of land at the fringe of Cyberjaya, Selangor on which we intend to build our *Westlake* development.

Finally, the Group will also continue to seek out landbanking opportunities in high growth-potential locations to further strengthen the Group’s proposition going forward.

With these strategies in place we are confident of recording another positive year for the Group.

Ng Chun Kooi
Executive Director and Chief Executive Officer

BOARD OF DIRECTORS





Standing (from left)

Bernard Lim Soon Chiang

Executive Director and
Chief Financial Officer

Ow Chee Cheoon

Executive Director

Badil Zaman Bin Fazul Rahman

Executive Director

Loo Choo Hong

Independent Non-Executive Director

Muk Sai Tat

Independent Non-Executive Director

Meriah Binti Nasibi

Executive Director

Seated (from left)

Datuk Kamarudin Bin Md. Ali

Independent Non-Executive
Director and Chairman

Dato' Azizan Bin Jaafar

Executive Director

Ng Chun Kooi

Executive Director and
Chief Executive Officer

DIRECTORS' PROFILE

DATUK KAMARUDIN BIN MD. ALI

Independent Non-Executive Director and Chairman
Malaysian, aged 64

Datuk Kamarudin Bin Md. Ali was appointed as Chairman of the Board on 6 July 2011. He is also the Chairman of the Remuneration Committee as well as a member of both the Audit Committee and Nomination Committee of the Company.

Datuk Kamarudin 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 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 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. Being a professionally qualified and experienced police officer, he has 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.

Datuk Kamarudin is currently a director of one of our subsidiaries. He also holds directorships in ECM Libra Financial Group Berhad, Libra Invest Berhad, Ann Joo Resources Berhad and various other private limited companies.

NG CHUN KOOI

Executive Director and Chief Executive Officer
Malaysian, aged 53

Mr Ng Chun Kooi was appointed to the Board on 6 July 2011. Being the Chief Executive Officer of the Company, he is responsible for overseeing the overall operations, strategic planning and the implementation of policies of the Group. He is a member of the Remuneration Committee of the Company.

Mr Ng is a graduate of the Institute of Engineers Malaysia and obtained a Bachelor of Science in Civil Engineering degree from the University of Manchester, United Kingdom in 1984.

He has more than 29 years of experience in the construction industry and is the co-founder of Gabungan Strategik Sdn Bhd ("Gabungan Strategik"). 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. Mr Ng 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.

Mr Ng is at present a director of most of our subsidiaries and holds several other directorships in a number of private limited companies. He is the brother of Mr Ng Chun Seong, a major shareholder of the Company. His interests in the securities of the Company are as disclosed on pages 36 and 37 of this Annual Report.

OW CHEE CHEOON

Executive Director
Malaysian, aged 53

Mr Ow Chee Cheoon was appointed to the Board on 6 July 2011. He is responsible for overseeing the property development activities of the Group. Mr Ow is a member of the Remuneration Committee of the Company.

Mr Ow has more than 25 years of experience in the construction and property development industries and is the co-founder of Motibina Sdn Bhd ("Motibina") and AQRS The Building Company Sdn Bhd ("AQRS"). He graduated from Monash University, Australia in 1986 with a Bachelor of Engineering degree.



He began his career as a Site Engineer in Sungei Way Construction Sdn Bhd, involving 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 a local private company as an Executive Director from 1991 to 1996 where he managed a staff force of over 80 employees and 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, Mr Ow co-founded Motibina in 1996 and formed AQRS in 2003. In AQRS, he is responsible for managing its day-to-day operations, strategic planning and business development.

He is currently a director of most of our subsidiaries and holds several other directorships in a number of private limited companies. His interests in the securities of the Company are as disclosed on pages 36 and 37 of this Annual Report.

DATO' AZIZAN BIN JAAFAR

Executive Director
Malaysian, aged 46

Dato' Azizan bin Jaafar was appointed to the Board as an Independent Non-Executive Director on 6 July 2011 and subsequently redesignated to an Executive Director on 2 November 2012.

Dato' Azizan graduated from the University of Salford, United Kingdom in 1992 with a Bachelor of Science in Quantity Surveying. He has more than 20 years of experience in the construction industry.

Dato' Azizan began his career in 1990 with Warrington Martin as an Assistant Quantity Surveyor in Manchester, the United Kingdom. He then joined a London firm, Henry Riley & Sons in 1992 as a Quantity Surveyor and remained working in the United Kingdom until 1995. Upon returning to Malaysia, he became a Senior Quantity Surveyor at Taisei Corporation. 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. During the period from 2005 to 2009, he was also responsible for the operations of the company in India and Saudi Arabia.

At present, Dato' Azizan is a director of several of our subsidiaries and holds several other directorships in a number of private limited companies. His interests in the securities of the Company are as disclosed on pages 36 and 37 of this Annual Report.

BERNARD LIM SOON CHIANG

Executive Director and Chief Financial Officer
Malaysian, aged 42

Mr Bernard Lim Soon Chiang joined the Board as an Executive Director on 31 July 2013 and, being the Chief Financial Officer of the Group, he is responsible for the financial planning of the Group.

He was admitted as a member of the Association of Chartered Certified Accountants ("ACCA") in 1997 and has been a Fellow member of ACCA since 2002. Mr Bernard Lim is also a member of the Malaysian Institute of Accountants ("MIA") since 1998.

Mr Bernard Lim has 20 years of working experience in the areas of accounting, finance and taxation, the past 16 years of which were in the Construction and Property Development industry. He began his career with Ernst & Young and subsequently, Hong Leong Bank Berhad where he was attached to the Accounting, Treasury and Planning Division. He then moved into the construction sector through his involvement with the construction arm of Tanming Berhad where he spearheaded the Finance Department and rose through the ranks to become the Group Financial Controller of Tanming Berhad.

Mr Bernard Lim then joined a subsidiary of the Company as Finance Director and was subsequently promoted as Chief Financial Officer of the Group. He is instrumental in spearheading the Company's Initial Public Offering which took place in 2012.

He is currently a director of several of our subsidiaries. His interests in the securities of the Company are as disclosed on pages 36 and 37 of this Annual Report.

BADIL ZAMAN BIN FAZUL RAHMAN

Executive Director
Malaysian, aged 56

Encik Badil Zaman Bin Fazul Rahman was appointed to the Board on 6 July 2011 and is responsible for the strategic planning and business development for the 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.

Encik Badil Zaman commenced his career at Sabah Electricity Board in 1977 as a Technical Assistant. He left Sabah Electricity Board in 1981 and subsequently worked as a Purchasing Manager for a local company; Project Manager for an independent contractor in Brunei and, 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 a shipping services company and, General Manager and Director of a company principally involved in the provision of shipping services and trading of metals and consumer goods. He then joined a fertilizer trading company as General Manager and Director; a mechanical and electrical engineering company as Executive Director and Chairman; a coal trading and supplies company as Director and, a company trading in fertilizer, water treatment, chemical commodities and minerals, as the Managing Director. 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 the relinquishment of his shares in and his resignation as director of Imaprima Sdn Bhd, he no longer plays an active role in the company.

At present, Encik Badil Zaman holds several other directorships in a number of private limited companies. His interests in the securities of the Company are as disclosed on pages 36 and 37 of this Annual Report.

MERIAH BINTI NASIBI

Executive Director
Malaysian, aged 40

Puan Meriah binti Nasibi was appointed to the Board on 6 July 2011. She is responsible for the human resource and administrative functions of the Group. She has more than 10 years experience in human resource and administration.

She graduated from Tutorial Institute, Kuala Lumpur, in 2000 with a Diploma in Business Administration. Puan Meriah began her career in Human Resource and Administrative in 1999. She joined Gabungan Strategik in 2002 as the Manager in charge of human resource and administrative functions. Mr Ng Chun Kooi together with Puan Meriah formed the core management team of Gabungan Strategik then.

She became a Director and shareholder of Gabungan Strategik in 2003 with the view of jointly growing Gabungan Strategik's core business with Mr Ng Chun Kooi. Puan Meriah was primarily responsible for human resource and administrative matters of Gabungan Strategik including establishing its human resource policies 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.

With the growth of Gabungan Strategik, she has played a significant role in terms of spearheading further enhancements of Gabungan Strategik's key human resource and administrative areas, which include, amongst others, 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 (and has since been upgraded to ISO 9001:2008 in 2010).

Puan Meriah is currently a director of several of our subsidiaries. Her interests in the securities of the Company are as disclosed on pages 36 and 37 of this Annual Report.



LOO CHOO HONG

Independent Non-Executive Director
Malaysian, aged 41

Mr Loo Choo Hong was appointed to the Board on 6 July 2011. He is the Chairman of the Audit Committee and member of both the Nomination Committee and Remuneration Committee of the Company.

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 MIA and an associate member of the Institute of Internal Audit since 2001 and 2005 respectively.

Mr Loo commenced his career as an Audit Assistant in a local accounting firm in 1998 and subsequently left as an Audit Supervisor in 2001, before he joined K.H. Kwong & Company as an Audit and Tax Manager. In 2005, he founded Messrs C.H. Loo & Co. and Pro Cast Management Services which offer various professional corporate and management services. He is currently the Principal of Messrs C.H. Loo & Co.

Mr Loo 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 2004. He currently holds several other directorships in a number of private limited companies.

His interests in the securities of the Company are as disclosed on pages 36 and 37 of this Annual Report.

MUK SAI TAT

Independent Non-Executive Director
Malaysian, aged 50

Mr Muk Sai Tat came on board on 2 November 2012. He is the Chairman of the Nomination Committee as well as a member of both the Audit Committee and Remuneration Committee of the Company.

Mr Muk 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 MIA.

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 (MACPA) examination in 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. From 1996 to 2001, Mr Muk had held high-level positions including Financial Controller - Southeast Asia, Financial Controller/Chief Financial Officer, General Manager and Group Chief Executive Officer, in various well established companies.

Mr Muk was the Group Chief Executive Officer/Executive Director of Mangium Industries Bhd from 2003 to 2007. He then 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 was appointed an Executive Director of TT Resources Bhd. Subsequently, he became a Partner/Consultant of a local business consultancy company.

At present, Mr Muk sits on the board of Melewar Industrial Group Berhad.

Notes:

- Save as disclosed above, none of the Directors has:-
- (a) directorship in other public companies;
 - (b) any family relationship with any Director and/or major shareholder of the Company;
 - (c) any conflict of interest with the Company; and
 - (d) any conviction for offences (other than traffic offences) within the past ten (10) years.

STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance, 2012 (“CG Code”) sets out the principles and recommendations on the structures and processes that companies may adopt in their operations towards achieving effective governance framework. The Board is pleased to present herewith its statement on how the Board has observed the principles and recommendations suggested in the CG Code.

Board of Directors (“Board”)

The principal governance responsibilities of the Board are to lead and control the Group. The Board plans the business directions, development and control of the Group and embraces the responsibilities recommended in the CG Code, which facilitate the discharge of the Board’s stewardship responsibilities. When implementing the business plan, the EDs are responsible for making and implementing operational and corporate decisions while the Non-Executive Directors (“NEDs”) play an important role in providing independent views, advice and judgment in safeguarding the interests of the shareholders.

Presently, the Board has nine (9) members comprising six (6) EDs and three (3) Independent Non-Executive Directors (“INEDs”). These Board Members came from diverse backgrounds and various fields. Collectively, they bring a broad range of skills, experience and knowledge relevant to directing and managing the Group’s businesses.

The Board gives due consideration in balancing its gender composition in the Board. The Board presently has a female ED and through its Nomination Committee, the Board will ensure that women candidates are sought in the future when considering new candidate for vacancy at the Board.

The Board has retained its authority of approval on significant matters covering 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, the Board Committees and the Management established in its Board Charter. This Board Charter also 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 shall be given to environmental, social and governance aspects of business which underpin sustainability and, relate these aspects to the interests of the various stakeholders. Moving forward, the Board would 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 roles of the Chairman and Chief Executive Officer (“CEO”) are separated and held by different members of the Board. The Board Chairman, an INED is responsible for the Board’s effectiveness and conduct, whilst the CEO has the overall responsibilities in the Group’s operating units, organisational effectiveness and implementation of Board policies and decisions.

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

Audit Committee (“AC”)

The members of the AC consist of solely INEDs. The responsibilities, composition, ToR and activities of the Committee are outlined under the section of AC Report on pages 26 to 28 of this Annual Report.

Nomination Committee (“NC”)

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 a Director should bring to the Board. New nomination is assessed by the NC before it is recommended to the full Board for appointment. In addition, the NC assists the Board in appraising the performance of the Board, individual Directors and Board Committees and, reviewing the composition and effectiveness of the Board members annually.

In order to ensure that the selection and evaluation of Board members are done objectively, the NC consists of solely INEDs. The present members of the NC are as follows:-

- i. Muk Sai Tat - Chairman
- ii. Datuk Kamarudin bin Md. Ali - Member
- iii. Loo Choo Hong - Member

Further details on the activities carried out by the NC are reported in the Statement by NC on page 31 of this Annual Report.



Remuneration Committee ("RC")

The RC is responsible for reviewing and recommending to the Board the remuneration packages covering bonus, allowance, other benefits and increment of Directors and the remuneration of key management personnel. The RC comprises three (3) INEDs and two (2) EDs. The present members of the RC are as follows:-

- i. Datuk Kamarudin bin Md. Ali - Chairman
- ii. Muk Sai Tat - Member
- iii. Loo Choo Hong - Member
- iv. Ng Chun Kooi - Member
- v. Ow Chee Cheoon - Member

During the financial year, the RC conducted three (3) meetings and these meetings were attended by all the members of the Committee.

Re-election of Directors

The Articles of Association of the Company ("AA") stipulates 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 AA also provides 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 ("the Act").

Company Secretary

All Board members have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business. The appointment and removal of Company Secretary or Secretaries of the Board shall be the prerogative of the Board as a whole. The Company Secretary appointed should be suitably qualified and competent in order to support the Board in carrying out its role and responsibilities.

The Company Secretary is responsible for ensuring that Board procedures are followed, the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board are performed effectively.

In addition, the Company Secretary ensures minutes are duly entered into the books for all resolutions and proceedings of all meetings of the Board. These minutes of meetings record the decisions taken and the views of individual Board members. Such minutes are signed by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.

Supply of Information

The agenda, reports and information for Board meetings are forwarded to all Board members prior to the Board meetings. The Management is invited to provide further information and clarification on issues raised by members of the Board during their deliberations and decision makings in the meetings.

The Board has access to all information and advice from the Management and the Company Secretary. Subject to the Board's approval, all Board members could seek independent professional advice when necessary to enable the Board to discharge its duties in connection with specific matters.

The proceedings and resolutions reached at each Board meeting are recorded in the Minutes Book kept at the registered office. Besides, the Board also exercises control on matters that require its approval between the scheduled Board meetings through Directors' Circular Resolutions.

STATEMENT ON CORPORATE GOVERNANCE

Directors' Remuneration

The Board determines the level of remuneration of its Board members after considering the recommendations of the RC.

All EDs are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the NEDs is determined in accordance with their experience, level of responsibilities assumed in Board Committees and the Board, their attendance and/or special skills and expertise they bring to the Board.

Remuneration Bands	EDs	NEDs
RM100,000 and below	-	2
RM150,001 - RM200,000	-	1
RM300,001 - RM350,000	2	-
RM500,001 - RM550,000	1	-
RM950,001 - RM1,000,000	1	-

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 SOC SO (RM)	Total (RM)
EDs	-	1,546,064.52	505,600.00	66,270.00	236,808.95	2,354,743.47
NEDs	336,000.00	-	-	-	-	336,000.00

* Subject to the approval by shareholders at the AGM.

Board Independence

Independence is important for ensuring objectivity and fairness in Board's decision making. As mentioned in the foregoing, the roles and responsibilities of the Chairman and CEO continue to be separated and the Chairman of the Board is an Independent Director.

The Board has not named a Senior Independent Director, reason being the Board does not view the need to appoint one as it is able to act independently and objectively due to its balance composition, power and authority.

Going forward, in order to uphold independence of the Independent Directors, the Board has adopted the following recommendations of the CG Code:-

- i. subject to Board's justification and shareholders' approval, the tenure of Independent Directors should not exceed a cumulative nine (9) years; and
- ii. annually assess the independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgments to Board deliberations and, to comply with the regulatory definitions of Independent Directors.

Board Commitment

The fundamental of directors' commitment is devotion of time and continuous improvement of knowledge and skillsets. Effective 1 June 2013, the maximum directorships of a director in Malaysian public listed companies is reduced from 10 to 5 under the Listing Requirements.

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.



During the financial year, seven (7) Board meetings were held. The details of attendance of the members are as below:-

Directors	No. of Meetings Attended/ No. of Meeting Held During Tenure of Office
Datuk Kamarudin bin Md. Ali	6/7
Ng Chun Kooi	6/7
Ow Chee Cheoon	7/7
Dato' Azizan Bin Jaafar	7/7
Ng Kit Heng (<i>resigned on 31 July 2013</i>)	4/4
Bernard Lim Soon Chiang (<i>appointed on 31 July 2013</i>)	3/3
Badil Zaman bin Fazul Rahman	6/7
Saaban bin Mohamed Sidik (<i>retired on 28 June 2013</i>)	3/3
Meriah binti Nasibi	6/7
Loo Choo Hong	6/7
Muk Sai Tat	5/7

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

During the financial year, individual Board members have participated in the following external training courses/seminars/conferences/workshops to be kept updated on latest developments and to enhance their knowledge:-

- Leading a Learning Organisation in an Age of Change
- To Convey the Expectation of Bursa Malaysia on the Regularisation of PN17 Companies
- Corporate Governance Symposium 2013
- Advocacy Sessions on Corporate Disclosure
- Briefing on Goods and Services Tax
- Nominating Committee Program (iClif)
- Corporate Governance Statement Reporting Workshop
- Inaugural ASEAN Corporate Governance Summit 2013
- Risk Management & Internal Control : Workshop for Audit Committee Members
- Real Estate CEO Forum
- Financial Risk Management for Public Listed Companies - W1: Implementing Risk Management Policies
- ACCA Malaysia Annual Conference 2013 - Complete Finance Professional
- MIA Conference 2013
- Board Leadership and Value Systems - The Tone of the Top
- Effective Corporate Mergers and Acquisitions - From Complexity to Execution Excellence
- Managing in Uncertainty : Surviving the Turbulence

Financial Reporting

The Board is responsible to ensure that the quarterly financial reporting of the Company presents a fair and balanced view and assessment of the Group's financial position, performance and prospects as well as to ensure that the Group's financial statements are drawn up in accordance with the provisions of the Act and applicable approved accounting standards in Malaysia. 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.

As part of the AC review processes, the AC has obtained written assurance from:-

- i. 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; and
- ii. CFO confirming that all relevant approved accounting standards and policies have been adopted, applied and followed in the financial statements with reasonable and prudent judgments and estimates.

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 EDs and employees of the Group as and when necessary.

Risk Management

The Board acknowledges that risk management is an integral part of effective management practice. Risk is inherent in all business activities, but it is not the Group's objective to eliminate risk totally. The underlying risk management principle of the Group is to balance the costs and benefits of managing and treating risks.

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 periodic reviews and appraisals of the effectiveness of governance, risk management and internal control processes within the Group.

Monthly Management meetings are used by the EDs as a mean of communication and feedback channel which facilitate whistleblowing apart from reviewing, monitoring and deciding on the business development, changes and actions to be taken to ensure businesses are under control. Moving forward, the EDs would also seek feedbacks and comments from Heads of Department on any symptoms of irregularities and fraud.

In February 2014, the Board and AC have reviewed the Management's proposal to formalise the risk management framework in the Group. The Board has approved the proposal to establish the Risk Management Committee ("RMC") comprising selected independent and executive members of the Board. Functionally, the RMC will be assisted by a risk management sub-committee headed by the CFO. The ToR of the RMC and the sub-Risk Management Committee will be defined accordingly to empower these committees to carry out their functions effectively.

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 and 30 of this Annual Report.

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 of the financial results and various announcements in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). 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 continues to make use of its corporate website to communicate and disseminate information to shareholders and investors. Those principal governance information such as charter, Board Committees' ToR are published in the Company's website and not in the Annual Report in order to reduce dilution of impact of issues presented in the Annual Report.

Sustainability

Based on the business, industry, and regulatory environment in which the Group's businesses operate in, the Board considers and requires its business units comply with statutory regulations on safety and health and, promote appropriate environmental-friendly practices in the Group.

Shareholders' Right

The Board recognises the need for transparency and accountability to the shareholders and to maintain regular communication with its shareholders, stakeholders and investors on the performance and major developments in the Group and, to ensure timely releases of quarterly financial results, circulars, Annual Reports, corporate announcements and press releases.

The Board 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 Meeting is an important avenue for shareholders to 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 vote at general meetings. Also, effective 1 June 2013, poll voting is mandated for related party transactions that require shareholders' approval.



The following information is provided in accordance with Paragraph 9.25 of the MMLR 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	23,360	1,640	6.6	(a) & (b)
ii. Acquisition of new corporate headquarters	Within 36 months	12,000	3,758	8,242	68.7	(a) & (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 14 May 2014, 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

During the financial year, the Company repurchased 311,500 of its own shares from the open market of Bursa Malaysia Securities Berhad ("Bursa Securities") for a total consideration of RM344,307.83. The shares are being held as treasury shares. The Company did not re-sell any of its treasury shares during the financial year.

Details of the shares repurchased during the financial year are as follows:-

Month	No. of shares bought back	Highest Price paid (RM)	Lowest Price paid (RM)	Average Price paid (RM)	Total Consideration (RM)
December	311,500	1.15	1.01	1.11	344,307.83

3. Options, Warrants or Convertible Securities

During the FYE 2013, a bonus issue of 159,984,000 free warrants on the basis of 9 warrants for every 20 existing ordinary shares of RM0.25 each in the Company held on the entitlement date had been issued. However, no warrants have been exercised and converted to ordinary shares since its issuance.

Save as disclosed above, the Company did not grant any options to any parties to take up unissued shares in the Company and did not issue any other convertible securities during the FYE 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 36 to the Financial Statements.

6. Sanctions and/or Penalties

There were no sanctions and/or penalty imposed on the Company, its subsidiaries, Directors or the Management by the relevant regulatory bodies as at 25 April 2014.

7. Non-Audit Fees

There were non-audit fees amounting to RM72,333 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 2013.

8. Variation in Results

The annual audited financial statements of the Company/Group for the FYE 2013 did not vary by 10% or more from the unaudited financial results announced to Bursa Securities on 28 February 2014.

9. Profit Guarantee

No profit guarantee was received by the Company in respect of the FYE 2013.

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 Audit Committee Report for the year ended 31 December 2013.

COMPOSITION

The AC is made up of three (3) members, all of whom are INEDs who satisfy the test of independence under the MMLR. This meets the requirements of the CG Code. The composition of the AC and their attendance records are as set out on pages 3 and 27 of this Annual Report respectively.

The AC Chairman, Mr Loo Choo Hong is a member of the MIA, an associate member of the Institute of Internal Audit and, a Fellow member of the ACCA. He has 16 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 ToR of the AC, thereby supporting the Board in ensuring appropriate corporate governance standards within the Group.

TERMS OF REFERENCE

The summary of the AC's ToR comprises 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 CEO, the EDs, the CFO 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

During the FYE 2013, the AC members were 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 issues and adjustments arising from the audit; and
- review and assess the appropriateness of the Group's accounting policies and the adequacy of management reporting requirements.



b. External Audit

- discuss and liaise with the External Auditors on the nature and scope of audit;
- 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 the 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

- review the annual Statement on Risk Management and Internal Control to be included in the Annual Report; and
- 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 (if any) 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 ("SC"); and
- carry out any other duties and functions as may be mutually agreed upon by the Committee and the Board.

MEETINGS

During the FYE 2013, the Committee held a total of five (5) meetings. The CFO and Group Accountant were invited to attend the AC Meetings during the financial year as requested by the AC to facilitate direct communication on detailed information and to seek clarifications on some audit issues.

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

Members	Total no. of meetings held during tenure of office	Total no. of meetings attended
Loo Choo Hong	5	5
Datuk Kamarudin bin Md. Ali	5	5
Muk Sai Tat	5	4

The representatives from the External Auditors attended three (3) AC meetings in FYE 2013 to present the Audit Completion Findings for FYE 2012 and Audit Planning for FYE 2013, 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 2013, the activities undertaken by the AC comprised the followings:-

- reviewed the unaudited quarterly financial results for the quarters ended 31 December 2012, 31 March 2013, 30 June 2013 and 30 September 2013 before recommending the same for the Board's approval;
- reviewed the audited financial statements for the FYE 2012 before recommending the same for the Board's approval;
- reviewed the Audit Completion Findings for FYE 2012 and Audit Planning for FYE 2013, 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 Progress Report on Risk Assessment Exercise, Statement on Risk Management and Internal Control for FYE 2012 and, Internal Audit Reports;
- reviewed the adequacy and performance of the Internal Audit function and its comprehensive coverage of the Group's activities; and
- reviewed the annual AC Report and Statement on Risk Management and Internal Control to be included in the Annual Report.

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 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 2013 amounted to RM59,833 (FYE 2012 : RM46,781).



The Board is pleased to present its Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the MMLR. In producing this Statement, the Board has considered and was guided by the latest “Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers” issued by the Task Force on Internal Control with the support and endorsement of Bursa Securities.

BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group’s systems of internal control, identifying principal risks and establishing appropriate control environment and framework to manage risks. The Board derives its comfort of the state of internal control and risk management of the Group from the following processes and information:-

- periodic review of financial information covering financial performance, quarterly financial results, business plan, budget and key business indicators;
- financial performance analysis against business objectives and targets;
- AC’s review and consultation with the Management on the integrity of the financial results, Annual Report and audited financial statements;
- audit findings and reports on the review of the system of internal control from the Internal Auditors; and
- the Management’s assurance that the Group’s risk management and internal control systems have been operating adequately and effectively, in all material respects.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group’s risk management and execution is primarily driven by all EDs and key management. The EDs 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 to deliberate the progress of business operations and various operation and financial issues and, to serve as a mean of communication and feedback channel for Departmental Heads.

During the FYE 2013, there have been risk management measures undertaken by the Management even prior to the formalisation of the risk management framework in the Group. In February 2014, the Board has approved the proposal to establish the RMC comprising selected independent and executive members of the Board. Functionally, the RMC will be assisted by a risk management sub-committee headed by the CFO. The ToR of the RMC and the sub-Risk Management Committee will be defined accordingly to empower these committees to carry out their functions effectively.

Other aspects of key control in the Group are:-

- i. management organisation chart outlining the management responsibilities and hierarchical structure of reporting lines and accountability and established approval and authority limits of the top executives and Heads of Department;
- ii. pre-evaluation of suppliers, sub-contractors and consultants before concluding supply or services;
- iii. post-evaluation of suppliers’ and sub-contractors’ performance for future reference and selection;
- iv. 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;
- v. verifications, reconciliation, review of operating performance and segregation of duties in the management functions of the Group;
- vi. implementation of ISO Quality Management System ISO 9001:2008 and OHSAS 18001:2007 for key subsidiaries to ensure compliance with customers’ security and safety requirements and minimisation of hazard risks during installation;
- vii. legal advice are sought to ensure contractual risks are understood and managed before signing of material contracts or agreements;
- viii. job descriptions for each position are established providing understanding to employees of their actions needed in discharging their responsibilities; and
- ix. regular Safety and Health Committee meetings to enforce safety awareness at site.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance to the Guidelines on Risk Management and Internal Control, the Management is responsible for identifying risks relevant to the business of the Group's objectives and strategies, implementing, maintaining sound systems of risk management and internal control and, monitoring and reporting to the Board of significant control deficiencies and changes in risks that could affect the Group's achievement of its objective and performance.

Before producing this Statement, the Board has received assurances from the CEO and CFO that, to the best of their knowledge, the Group's risk management and internal control systems are operating adequately and effectively, in all material respects.

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 is effective to enable the Group to achieve its business objectives and that there were no material losses resulted from significant control weaknesses that would require separate disclosure in this Annual Report. The Board recognises that the systems of risk management and internal control should be continuously improved in line with the evolving business development. Nonetheless, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these 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 Auditors

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with Recommended Practice Guide 5 (Revised) ["RPG 5 (Revised)"] issued by MIA. The External Auditors' procedures have 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 (Revised) does not require the External Auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines for Directors of Listed Issuers, nor is it factually inaccurate.



The following statement is made by the NC of the Board in accordance with Paragraph 15.08A of the MMLR requiring all public listed companies with financial year ended on or after 31 December 2013, to disclose a statement about the activities of the NC.

The NC is responsible for assessing the performance of the Directors and evaluating and recommending suitable candidates for Board appointment. In order to ensure that the selection and evaluation of Board members are done objectively, the NC consists solely of INEDs. This composition of members is in accordance with the requirement of the MMLR as set out in Paragraph 15.08A(1). The ToR of the NC is published on the corporate website for shareholders' reference.

During the financial year, the NC conducted a meeting to review the resignation and nomination of an ED. This meeting was attended by all members of the Committee. When assessing the nominated candidate for the ED position, the NC had evaluated the experience, integrity, competence and character of the nominated Director by considering his qualification, past employment history and contributions to the Group.

The AA provides that the minimum and maximum size of the Board shall be two (2) and twelve (12) members respectively. The principle of the Board composition policy is to maintain an effective size of the Board that reflects its responsibilities, dynamic, the representatives of the interests of shareholders and promotes common purpose and sense of sharing among its members.

The Board has empowered the NC to review annually the performance of the Board, Board Committees and Board members and the independence of its Independent Directors. The objective of this review is to facilitate the assessment of its size, composition and the performance of the retiring Directors vis-à-vis the needs and expectations of the Company and the MMLR as well as the Board's expectations on the character, experience, integrity, competency and time commitment to effectively discharge the roles and responsibilities of its members.

The performance evaluation of the Board is conducted by way of self-assessment of the respective Directors. The Directors are given a set of questionnaire comprising Board Assessment, Board Committee Assessment, Individual Self Assessment and an Assessment of Independence of the Independent Directors. Directors are required to fill out these questionnaires and provide their feedback, views and suggestions for improvement. The results of these self-assessment questionnaires are compiled by the Company Secretary and tabled to the NC for review and deliberation. As part of this performance evaluation, the NC will also identify and propose the training needs to strengthen the competency of the Board.

All Directors are required to retire but are eligible to submit themselves for re-election at least once in every three (3) years. This requirement allows shareholders to assess the Directors' performances and contributions and, if required, to replace them. Before recommending the retiring Directors to the Board for re-election, the NC will summarise the past performance assessment of the retiring Directors for the Board's review while the retiring Directors shall abstain from deliberation of their performance.

CORPORATE RESPONSIBILITY STATEMENT

The Company is committed to practising the standards set in the CG Code as well as actively pursuing policies and actions that are in the best interests of the stakeholders and community to fulfil its role as a good corporate citizen.

The Group seeks to ensure that the interests of its stakeholders from shareholders, investors, customers, employees and the community are cared for through its conscious endeavours to integrate all its business plans and activities with corporate responsibility values.

With corporate responsibility in mind, the Group has undertaken the followings in respect of various aspects of its business:-

BUSINESS ETHICS AND GOVERNANCE

The Group constantly reviews its policy statements and best management practices to ensure that it is managed effectively and ethically with adequate control mechanisms to manage risks and deliver accountability, sustainability and profitability. This includes the implementation of internal control systems such as financial authority framework and risk management framework. Additionally, the AC periodically reviews these internal control systems together with recommendations made by the Internal Auditors.

EMPLOYEES

As the Group values its people being its key business asset and competitive advantage, it emphasises on people development through training and learning opportunities.

In addition, the Group also strives to create a balanced workforce whereby social gatherings and recreational activities are encouraged. These activities include, amongst others, festive celebrations, annual dinner and sports activities.

HEALTH AND SAFETY

The Group actively and continuously seek out a safety first mindset in its operations as the safety of its people and community is one of the priorities in its operations. The Group ensures their well-being by observing strict safety and health standards in the workplace.

The Group's standard operating procedures include incident and situation management. Project Safety and Health Plans are implemented for each and every project undertaken in line with the Occupational Safety and Health Act, 1994, monitored by experienced and qualified safety officers.

CUSTOMER SATISFACTION

To meet our standards of excellence, the Group constantly ensures the delivery of quality project execution and meeting customer deliverables as specified in the contracts.

As an ISO 9001:2008 certified group of companies, we aspire towards full realisation of ISO standards throughout our operations and the application of established quality practices and policies.

INVESTORS RELATIONS

The rights of all shareholders, be it institutional, retail or minority, to information are respected and hence, we place importance in engaging shareholders through the Company's AGM, periodic dialogues with institutional investors, and encouraging feedbacks through our official website.

COMMUNITY

The Group, as a socially conscious corporate citizen, has continued to place efforts in its philanthropic endeavours through monetary and resources contributions to the community and various charitable organisations. For instance, on top of making monetary donation, the Group has organised a day trip with participating activities to an orphanage.

Moving forward, the Group strives to partake in more social activities for the benefits of the community at large.

DIRECTORS' RESPONSIBILITY STATEMENT

for the Audited Financial Statements

33

GABUNGAN
AQRS BERHAD
2013 ANNUAL
REPORT



The Directors are required pursuant to the Act to prepare the financial statements for each financial year in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Act and the MMLR.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year, and of the results and cash flows of the Company and the Group for the financial year.

In preparing the financial statements, the Directors have ensured that:-

- appropriate accounting policies have been adopted and applied consistently;
- the statements are supported by reasonable and prudent judgements and estimates; and
- a going-concern basis has been adopted.

To ensure the financial statements comply with the provisions of the Act, proper accounting records which disclose the financial position of the Company and the Group with reasonable accuracy at all times, have been kept.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group, and to detect and prevent fraud and other irregularities.

FINANCIAL REPORTS

35 Directors' Report	Statement by Directors/ Statutory Declaration 40	Statements of Financial Position 42
43 Statements of Profit or Loss and Other Comprehensive Income	39 Consolidated Statement of Changes in Equity	Independent Auditors' Report 45 Statement of Changes in Equity
44	46	Statements of Cash Flows 48 Notes to the Financial Statements



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 2013.

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	51,356,733	9,976,248
Attributable to:		
Owners of the parent	42,839,997	9,976,248
Non-controlling interests	8,516,736	-
	51,356,733	9,976,248

DIVIDENDS

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	Company RM
In respect of the financial year ended 31 December 2012:	
Final single tier dividend of 1.56 sen per ordinary share, paid on 29 July 2013	5,546,112

The Directors propose a final single tier dividend of 1.91 sen per ordinary share, amounting to RM6,784,482 in respect of the financial year ended 31 December 2013, 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 other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or 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 apart from the issue of Warrants as disclosed below.

WARRANTS

A total of 159,984,000 free Warrants were issued on 25 July 2013 pursuant to the Deed Poll dated 5 July 2013 ('Deed Poll') to all the shareholders of the Company on the basis of nine (9) warrants for every twenty (20) existing ordinary shares held on 17 July 2013. The Company had fixed the exercise price for the free Warrants at RM1.30 each.

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the Extraordinary General Meeting held on 28 June 2013, approved the Company's plan to repurchase and/or held as treasury shares up to 10% of the existing issued and paid-up share capital of the Company ('Share Buy Back').

DIRECTORS' REPORT

REPURCHASE OF OWN SHARES (CONT'D)

The Directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders. The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended.

During the financial year, the Company repurchased 311,500 of its own ordinary shares of RM0.25 each from the open market for a total consideration of RM344,308 at an average price of RM1.105 per ordinary share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia. None of the treasury shares held were re-sold or cancelled during the financial year.

Of the total 355,520,000 issued and fully paid ordinary shares of RM0.25 each as at 31 December 2013, 311,500 ordinary shares of RM0.25 each amounting to RM344,308 are held as treasury shares by the Company. The number of outstanding ordinary shares of RM0.25 each in issue after deducting the treasury shares is 355,208,500.

DIRECTORS

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

Datuk Kamarudin Bin Md. Ali	
Ng Chun Kooi	
Ow Chee Cheoon	
Dato' Azizan Bin Jaafar	
Badil Zaman Bin Fazul Rahman	
Meriah Binti Nasibi	
Loo Choo Hong	
Muk Sai Tat	
Bernard Lim Soon Chiang	(Appointed on 31 July 2013)
Ng Kit Heng	(Resigned on 31 July 2013)
Saaban Bin Mohamed Sidik	(Retired on 28 June 2013)

In accordance with Article 95 of the Company's Articles of Association, Datuk Kamarudin Bin Md. Ali, Ow Chee Cheoon and Badil Zaman Bin Fazul Rahman retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Article 101 of the Company's Articles of Association, Bernard Lim Soon Chiang retires at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants in the Company during the financial year ended 31 December 2013 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 1.1.2013/ date of appointment	Bought	Sold	Balance as at 31.12.2013
<u>Direct interests</u>				
Meriah Binti Nasibi	35,506,600	2,765,000	(2,400,000)	35,871,600
Ng Chun Kooi	35,406,592	1,936,000	-	37,342,592
Ow Chee Cheoon	15,576,000	1,100,000	-	16,676,000
Badil Zaman Bin Fazul Rahman	500,000	-	-	500,000
Dato' Azizan Bin Jaafar	200,000	-	-	200,000
Loo Choo Hong	100,000	-	-	100,000
Bernard Lim Soon Chiang	18,473,000	7,000	-	18,480,000
<u>Indirect interests</u>				
Ng Chun Kooi	64,778,900	-	-	64,778,900
Dato' Azizan Bin Jaafar	-	15,000,000	-	15,000,000



DIRECTORS' INTERESTS (CONT'D)

Warrants in the Company	Number of warrants [^] of RM0.25 each				Balance as at 31.12.2013
	Balance as at 1.1.2013	Allotted	Bought	Sold	
<u>Direct interests</u>					
Meriah Binti Nasibi	-	14,897,970	-	(14,897,966)	4
Ng Chun Kooi	-	15,932,966	-	(15,932,966)	-
Ow Chee Cheoon	-	7,009,200	-	(7,009,200)	-
Badil Zaman Bin Fazul Rahman	-	225,000	-	-	225,000
Dato' Azizan Bin Jaafar	-	90,000	-	-	90,000
Loo Choo Hong	-	45,000	-	(45,000)	-
Bernard Lim Soon Chiang	-	8,312,850	-	(6,616,350)	1,696,500
<u>Indirect interests</u>					
Ng Chun Kooi	-	29,150,505	-	-	29,150,505

[^] Issuance of 159,984,000 free warrants on 25 July 2013 on the basis of nine (9) warrants for every twenty (20) existing ordinary shares held.

By virtue of Section 6A of the Companies Act, 1965 in Malaysia, Ng Chun Kooi, is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that 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 warrants of the Company or ordinary shares, warrants 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, other than any benefit which may be deemed to have arisen by virtue of those transactions entered into in the ordinary course of business as disclosed in Note 36 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 except for the warrants issued as disclosed in Note 19 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the statements of profit or loss and other 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 have satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, 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, the results of the 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 except for the effect arising from the disposal of investment property resulting in an increase in the profit of the Group for the financial year by RM17,622,411 as disclosed in Note 9 to the financial statements.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(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 necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
- (ii) which would render the values attributed to 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 likely to affect substantially the results of the 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 (12) months after the end of the financial year, which would 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 the 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

Significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 41 to the financial statements.

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.

Ng Chun Kooi
Director

Ow Chee Cheoon
Director

Kuala Lumpur
24 April 2014

STATEMENT BY DIRECTORS

39

GABUNGAN
AQRS BERHAD
2013 **ANNUAL
REPORT**



In the opinion of the Directors, the financial statements set out on pages 42 to 107 have been drawn up in accordance with Financial Reporting Standards and the provisions 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 2013 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 42 to the financial statements on page 108 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,

Ng Chun Kooi
Director

Ow Chee Cheoon
Director

Kuala Lumpur
24 April 2014

STATUTORY DECLARATION

I, Bernard Lim Soon Chiang, being the Director primarily responsible for the financial management of Gabungan AQRS Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 108 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)
24 April 2014)

Before me:

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 2013 of the Group and of the Company, and statements of profit or loss and other 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 42 to 107.

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 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 of 31 December 2013 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 accounts of the subsidiaries that have been consolidated with the financial statements of the Company 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 accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.



Other Reporting Responsibilities

The supplementary information set out in Note 42 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
24 April 2014

Tang Seng Choon

2011/12/15 (J)
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	18,030,615	11,168,140	-	-
Land held for property development	8	47,663,012	-	-	-
Investment property	9	-	32,377,589	-	-
Investments in subsidiaries	10	-	-	74,414,635	71,014,631
Investment in a joint venture	11	3,000	-	3,000	-
Other investments	12	2,115	2,115	-	-
Deferred tax assets	13	5,648,945	2,727,628	-	-
		71,347,687	46,275,472	74,417,635	71,014,631
Current assets					
Property development costs	14	202,586,667	156,459,943	-	-
Inventory	15	1,814,115	-	-	-
Trade and other receivables	16	321,265,485	189,995,332	55,272,773	39,196,789
Current tax assets		3,078,266	3,302,937	341,426	-
Short term funds	17	20,952,966	37,291,672	20,952,966	37,291,672
Cash and cash equivalents	18	42,434,728	52,709,264	1,494,247	1,074,989
		592,132,227	439,759,148	78,061,412	77,563,450
TOTAL ASSETS		663,479,914	486,034,620	152,479,047	148,578,081
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	19	88,880,000	88,880,000	88,880,000	88,880,000
Reserves	20	162,354,167	126,530,473	62,783,074	58,697,246
		251,234,167	215,410,473	151,663,074	147,577,246
Non-controlling interests	10(g)	10,919,191	2,149,471	-	-
TOTAL EQUITY		262,153,358	217,559,944	151,663,074	147,577,246
LIABILITIES					
Non-current liabilities					
Borrowings	21	34,489,046	14,663,910	-	-
Deferred tax liabilities	13	2,502,055	2,393,051	-	-
		36,991,101	17,056,961	-	-
Current liabilities					
Trade and other payables	23	251,629,533	197,270,053	815,973	1,000,835
Borrowings	21	99,702,750	49,290,702	-	-
Current tax liabilities		13,003,172	4,856,960	-	-
		364,335,455	251,417,715	815,973	1,000,835
TOTAL LIABILITIES		401,326,556	268,474,676	815,973	1,000,835
TOTAL EQUITY AND LIABILITIES		663,479,914	486,034,620	152,479,047	148,578,081

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

43

GABUNGAN
AQRS BERHAD
2013 ANNUAL
REPORT



	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	27	406,307,616	319,527,456	14,886,436	13,900,000
Cost of sales	28	(301,584,099)	(248,933,919)	-	-
Gross profit		104,723,517	70,593,537	14,886,436	13,900,000
Other income		21,433,148	2,987,188	1,001,694	537,552
Operating costs		(49,413,587)	(38,606,224)	(5,021,537)	(7,673,862)
Finance costs	29	(4,237,585)	(3,082,129)	-	-
Profit before tax	30	72,505,493	31,892,372	10,866,593	6,763,690
Tax expense	31	(21,148,760)	(9,582,187)	(890,345)	(1,022,476)
Profit for the financial year		51,356,733	22,310,185	9,976,248	5,741,214
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		51,356,733	22,310,185	9,976,248	5,741,214
Attributable to:					
Owners of the parent		42,839,997	21,613,143	9,976,248	5,741,214
Non-controlling interests	10(g)	8,516,736	697,042	-	-
		51,356,733	22,310,185	9,976,248	5,741,214
Earnings per ordinary share attributable to equity holders of the Company:					
Basic earnings per ordinary share (sen)	32	12.05	6.75		
Diluted earnings per ordinary share (sen)	32	12.05	6.75		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Group	Note	Non-distributable			Distributable		Non-controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Share premium RM	Retained earnings RM	Total attributable to owners of the parent 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	21,613,143	697,042	22,310,185
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	21,613,143	21,613,143	697,042	22,310,185
Transactions with owners								
Issuance of new ordinary shares pursuant to public issue	19	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
Balance as at								
1 January 2013		88,880,000	-	56,040,571	70,489,902	215,410,473	2,149,471	217,559,944
Profit for the financial year		-	-	-	42,839,997	42,839,997	8,516,736	51,356,733
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	42,839,997	42,839,997	8,516,736	51,356,733
Transactions with owners								
Dividend paid	33	-	-	-	(5,546,112)	(5,546,112)	-	(5,546,112)
Acquisition of additional interests in a subsidiary	10(b)	-	-	-	(1,125,883)	(1,125,883)	252,984	(872,899)
Share repurchased	20(a)	-	(344,308)	-	-	(344,308)	-	(344,308)
Total transactions with owners		-	(344,308)	-	(6,671,995)	(7,016,303)	252,984	(6,763,319)
Balance as at								
31 December 2013		88,880,000	(344,308)	56,040,571	106,657,904	251,234,167	10,919,191	262,153,358

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

45

GABUNGAN
AQRS BERHAD
2013 ANNUAL
REPORT



Company	Note	Share capital RM	Treasury shares RM	Share premium RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
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
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	5,741,214	5,741,214
Transactions with owners						
Issuance of ordinary shares pursuant to public issue	19	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
Balance as at 31 December 2012		88,880,000	-	56,040,571	2,656,675	147,577,246
Balance as at 1 January 2013		88,880,000	-	56,040,571	2,656,675	147,577,246
Profit for the financial year		-	-	-	9,976,248	9,976,248
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	9,976,248	9,976,248
Transaction with owners						
Dividend paid	33	-	-	-	(5,546,112)	(5,546,112)
Share repurchased	20(a)	-	(344,308)	-	-	(344,308)
Total transaction with owners		-	(344,308)	-	(5,546,112)	(5,890,420)
Balance as at 31 December 2013		88,880,000	(344,308)	56,040,571	7,086,811	151,663,074

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		72,505,493	31,892,372	10,866,593	6,763,690
Adjustments for:					
Depreciation of property, plant and equipment	7	2,704,464	1,943,668	-	-
Deposit written off		-	25,000	-	25,000
Development cost written off	8	-	412,638	-	-
Dividend income		-	-	(14,886,436)	(13,900,000)
Net gain on disposals of:					
- property, plant and equipment		(188,749)	(209,493)	-	-
- investment property	9	(17,622,411)	-	-	-
Impairment losses on:					
- goodwill	34(a)	7,475	-	-	-
- investment in a subsidiary	10	-	-	-	2,625,369
- trade receivables	16(h)	113,935	39,996	-	-
- other receivables	16(h)	206,222	-	-	-
Interest expense	29	4,237,585	3,082,129	-	-
Interest income		(2,297,796)	(1,620,920)	(1,001,687)	(537,552)
Property, plant and equipment written off	7	39,923	253	-	-
Reversal of impairment loss on land held for property development	8	-	(1,208,394)	-	-
Operating profit/(loss) before changes in working capital		59,706,141	34,357,249	(5,021,530)	(5,023,493)
Changes in working capital:					
Property development costs		(46,126,724)	(43,245,109)	-	-
Inventory		(1,814,115)	-	-	-
Trade and other receivables		(132,461,434)	14,164,426	(1,458,355)	(54,266)
Trade and other payables		54,350,232	(512,086)	(184,862)	818,038
Cash (used in)/generated from operations		(66,345,900)	4,764,480	(6,664,747)	(4,259,721)
Interest paid		(3,941,393)	(2,896,504)	-	-
Interest received		2,297,796	1,620,920	1,001,687	537,552
Tax paid		(19,625,941)	(27,603,227)	-	(6,094)
Tax refunded		4,035,751	15,486	127,338	-
Net cash used in operating activities		(83,579,687)	(24,098,845)	(5,535,722)	(3,728,263)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

47

GABUNGAN
AQRS BERHAD
2013 ANNUAL
REPORT



	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(14,617,629)	(29,796,087)
Acquisitions of:					
- subsidiary for cash, net of cash acquired		(2)	-	(4)	(2)
- additional interest in a wholly-owned subsidiary	10(c)	-	-	(3,400,000)	-
- interest in a joint venture	11	(3,000)	-	(3,000)	-
Dividends received		-	-	13,527,327	12,883,618
Proceeds from disposals of:					
- property, plant and equipment		552,000	463,000	-	-
- investment property	9	50,000,000	-	-	-
Purchases of:					
- property, plant and equipment	7	(5,591,313)	(2,504,129)	-	-
- land held for property development	8	(47,663,012)	-	-	-
Repayments to subsidiaries		-	-	-	(13,806,834)
Placement of short term fund		(980,393)	-	(980,393)	-
Withdrawals/(Placements) of fixed deposits pledged		7,336,240	(10,770,281)	-	-
Net cash from/(used in) investing activities		3,650,520	(12,811,410)	(5,473,699)	(30,719,305)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(296,192)	(185,625)	-	-
Dividend paid	33	(5,546,112)	-	(5,546,112)	-
Shares repurchased	20(a)	(344,308)	-	(344,308)	-
Proceeds from issuance of shares	19	-	73,160,000	-	73,160,000
Payments of share issue expenses		-	(1,619,429)	-	(1,619,429)
Repayment of bridging loan		-	(10,981,572)	-	-
Drawdowns of term loans		63,527,767	-	-	-
Repayments of term loans		(30,874,720)	(5,342,448)	-	-
Repayments to hire-purchase creditors		(1,863,821)	(913,621)	-	-
Net cash from/(used in) financing activities		24,602,614	54,117,305	(5,890,420)	71,540,571
Net (decrease)/increase in cash and cash equivalents		(55,326,553)	17,207,050	(16,899,841)	37,093,003
Cash and cash equivalents at beginning of financial year		24,816,523	7,609,473	38,366,661	1,273,658
Cash and cash equivalents at end of financial year	18	(30,510,030)	24,816,523	21,466,820	38,366,661

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 G-58-1, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

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 2013 comprise the Company and its subsidiaries and interest of the Group in a joint venture. These financial statements are presented in Ringgit Malaysia ('RM'), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 24 April 2014.

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 42 to 107 have been prepared in accordance with Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia.

However, Note 42 to the financial statements set out on page 108 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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its involvement with the investee; and
- (c) The ability to use its power over the investee to affect its returns.



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation (Cont'd)

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

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 interest of the Group 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 equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statement of profit or loss and other 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.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. 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. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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.

If 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 joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Business combinations

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;
- (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 services 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.

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.

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 previously held equity interest of the Group 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.



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. 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%
Information Technology ('IT') 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 4.14 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 incremental borrowing rate of the Group 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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from contract customers for contract work. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to contract 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, including transaction costs, less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the carrying amount of the investment properties 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 investment properties 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 investment properties are acquired, if applicable.

After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

At the end of each reporting period, the carrying amount of an item of the investment properties are 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 4.14 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method, if any 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 investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment losses, if any. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Investments (Cont'd)

(a) Subsidiaries (Cont'd)

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.

(b) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture.

Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with FRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with FRS 128 *Investments in Associates and Joint Ventures*.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

- (i) The structure of the joint arrangement;
- (ii) The legal form of joint arrangements structured through a separate vehicle;
- (iii) The contractual terms of the joint arrangement agreement; and
- (iv) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

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 interest of the Group 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.



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Goodwill (Cont'd)

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, 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 Inventories

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4.12 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 (4) 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(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 right of the Group 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 (3) 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)

4.12 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 (2) 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 to subsidiaries 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 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 the end of each reporting period 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.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statement of financial position. To the extent that the carrying amount of the treasury shares exceeds the share premium account, it shall be considered as a reduction of any other reserves as may be permitted by the Main Market Listing Requirements.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

4.13 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.



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Impairment of financial assets (Cont'd)

(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 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.

4.14 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and a joint venture), inventory, deferred tax assets, assets arising from construction contracts 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 that has an indefinite useful life is tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill 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 CGU or groups of CGU of the Group 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, 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 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 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.

4.16 Income taxes

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

Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

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

(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 would 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 would 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 would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would 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 would 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 substantive effect of actual enactment by the end of each reporting period.



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 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 for restructuring are recognised when the Group has approved a detailed formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

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.

4.18 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 would 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.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.19 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, which are all incorporated in Malaysia, 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Revenue recognition

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

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 activities of the Group 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 profit or loss and other 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) Dividend income

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



4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 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 (10%) 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 percent (10%) 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 (10%) 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 (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.22 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 Fair value measurements

The fair value of an asset or a liability, except for lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs

5.1 New FRSs adopted during the current financial year

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

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 (2011)</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>Improvements to FRSs (2012)</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
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013



5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (CONT'D)

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

There is no material effect upon the adoption of the above Standards during the financial year other than:

- (a) Amendments to FRS 101, which is mandatory for annual periods beginning on or after 1 July 2012.

These Amendments require that items of other comprehensive income must be grouped into two sections:

- (i) Those that are or may be reclassified into profit or loss; and
- (ii) Those that will not be reclassified into profit or loss.

The Group has changed the presentation of the statements of profit or loss and other comprehensive income according to these Amendments.

- (b) FRS 12, which is mandatory for annual periods beginning on or after 1 January 2013.

This Standard prescribes the disclosure requirements relating to interests of an entity in subsidiaries, joint arrangements, associates and structured entities. This Standard requires a reporting entity to disclose information that helps users to assess the nature and financial effects of the relationship of the reporting entity with other entities.

Following the adoption of this Standard, the Group has disclosed the requirements applicable to the Group in Note 10 and Note 11 to the financial statements.

- (c) FRS 13, which is mandatory for annual periods beginning on or after 1 January 2013.

This Standard is now the sole FRS containing the framework for determining the measurement of fair value and the disclosure of information relating to fair value measurement, when fair value measurements and/or disclosures are required or permitted by other FRSs.

As a result, the guidance and requirements relating to fair value measurement that were previously located in other FRSs have now been relocated to FRS 13.

Whilst there have been some rewording of the previous guidance on FRS 13, there are very few changes to the previous fair value measurement requirements. Instead, FRS 13 is intended to clarify the measurement objective, harmonises the disclosure requirements, and improve consistency in application of fair value measurement.

FRS 13 did not materially impact any fair value measurements of the assets or liabilities of the Group. It has only a presentation and disclosure impact, and therefore has no effect on the financial position or performance of the Group.

5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2014

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

Title	Effective Date
Amendments to FRS 10 <i>Consolidated Financial Statements: Investment Entities</i>	1 January 2014
Amendments to FRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i>	1 January 2014
Amendments to FRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>	1 January 2014
Amendments to FRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to FRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to FRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
IC Interpretation 21 <i>Levies</i>	1 January 2014
<i>Defined Benefit Plans: Employee Contributions</i> (Amendments to FRS 119)	1 July 2014
Amendments to FRSs <i>Annual Improvements 2010 - 2012 Cycle</i>	1 July 2014
Amendments to FRSs <i>Annual Improvements 2011 - 2013 Cycle</i>	1 July 2014
<i>Mandatory Effective Date of FRS 9 and Transition Disclosures</i>	Deferred
FRS 9 <i>Financial Instruments (2009)</i>	Deferred
FRS 9 <i>Financial Instruments (2010)</i>	Deferred
FRS 9 <i>Financial Instruments</i> (Hedge Accounting and Amendments to FRS 9, FRS 7 and FRS 139)	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

5. ADOPTION OF NEW FRSSs AND AMENDMENT TO FRSSs (CONT'D)

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

The Group and Company have yet to adopt the following Standards of the Malaysian Financial Reporting Standards ('MFRS') Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year.

Title	Effective Date
MFRS 1 <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2015
Amendments to MFRS 1 <i>Government Loans</i>	1 January 2015
MFRS 2 <i>Share-based Payment</i>	1 January 2015
MFRS 3 <i>Business Combinations</i>	1 January 2015
MFRS 4 <i>Insurance Contracts</i>	1 January 2015
MFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2015
MFRS 6 <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2015
MFRS 7 <i>Financial Instruments: Disclosures</i>	1 January 2015
Amendments to MFRS 7 <i>Disclosures - Offsetting Financial Assets and Financial Liabilities</i>	1 January 2015
MFRS 8 <i>Operating Segments</i>	1 January 2015
<i>Mandatory Effective Date of MFRS 9 and Transition Disclosures</i>	Deferred
MFRS 9 <i>Financial Instruments</i>	Deferred
MFRS 9 <i>Financial Instruments</i> (Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139)	Deferred
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2015
MFRS 11 <i>Joint Arrangements</i>	1 January 2015
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2015
MFRS 13 <i>Fair Value Measurement</i>	1 January 2015
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 2015
Amendments to MFRS 10, MFRS 12 and MFRS 127 <i>Investment Entities</i>	1 January 2015
MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2015
Amendments to MFRS 101 <i>Presentation of Items of Other Comprehensive Income</i>	1 January 2015
MFRS 102 <i>Inventories</i>	1 January 2015
MFRS 107 <i>Statement of Cash Flows</i>	1 January 2015
MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2015
MFRS 110 <i>Events After the Reporting Period</i>	1 January 2015
MFRS 111 <i>Construction Contracts</i>	1 January 2015
MFRS 112 <i>Income Taxes</i>	1 January 2015
MFRS 116 <i>Property, Plant and Equipment</i>	1 January 2015
MFRS 117 <i>Leases</i>	1 January 2015
MFRS 118 <i>Revenue</i>	1 January 2015
MFRS 119 <i>Employee Benefits</i>	1 January 2015
MFRS 119 <i>Employee Benefits (revised)</i>	1 January 2015
<i>Defined Benefit Plans: Employee Contributions</i> (Amendments to MFRS 119)	1 January 2015
MFRS 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 January 2015
MFRS 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 January 2015
MFRS 123 <i>Borrowing Costs</i>	1 January 2015
MFRS 124 <i>Related Party Disclosures</i>	1 January 2015
MFRS 126 <i>Accounting and Reporting by Retirement Benefit Plans</i>	1 January 2015
MFRS 127 <i>Separate Financial Statements</i>	1 January 2015
MFRS 128 <i>Investments in Associates and Joint Ventures</i>	1 January 2015
MFRS 129 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2015
MFRS 132 <i>Financial Instruments: Presentation</i>	1 January 2015
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2015
MFRS 133 <i>Earnings Per Share</i>	1 January 2015
MFRS 134 <i>Interim Financial Reporting</i>	1 January 2015
MFRS 136 <i>Impairment of Assets</i>	1 January 2015
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2015
MFRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 January 2015



5. ADOPTION OF NEW FRSS AND AMENDMENT TO FRSS (CONT'D)

5.3 New MFRSSs that have been issued but have yet to be adopted during the current financial year (Cont'd)

Title	Effective Date
MFRS 138 <i>Intangible Assets</i>	1 January 2015
MFRS 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2015
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2015
MFRS 140 <i>Investment Property</i>	1 January 2015
MFRS 141 <i>Agriculture</i>	1 January 2015
Amendments to MFRSSs <i>Annual Improvements 2009 - 2011 Cycle</i>	1 January 2015
<i>Annual Improvements 2010 - 2012 Cycle</i>	1 January 2015
<i>Annual Improvements 2011 - 2013 Cycle</i>	1 January 2015
<i>Improvements to MFRSSs (2008)</i>	1 January 2015
<i>Improvements to MFRSSs (2009)</i>	1 January 2015
<i>Improvements to MFRSSs (2010)</i>	1 January 2015
IC Interpretation 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 January 2015
IC Interpretation 2 <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 January 2015
IC Interpretation 4 <i>Determining Whether an Arrangement Contains a Lease</i>	1 January 2015
IC Interpretation 5 <i>Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 January 2015
IC Interpretation 6 <i>Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment</i>	1 January 2015
IC Interpretation 7 <i>Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies</i>	1 January 2015
IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 January 2015
IC Interpretation 10 <i>Interim Financial Reporting and Impairment</i>	1 January 2015
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 January 2015
IC Interpretation 13 <i>Customer Loyalty Programmes</i>	1 January 2015
IC Interpretation 14 <i>MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>	1 January 2015
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2015
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 January 2015
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 January 2015
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2015
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 January 2015
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2015
IC Interpretation 21 <i>Levies</i>	1 January 2015
IC Interpretation 107 <i>Introduction of the Euro</i>	1 January 2015
IC Interpretation 110 <i>Government Assistance - No Specific Relation to Operating Activities</i>	1 January 2015
IC Interpretation 112 <i>Consolidation - Special Purpose Entities</i>	1 January 2015
IC Interpretation 113 <i>Jointly Controlled Entities - Non-Monetary Contributions by Venturers</i>	1 January 2015
IC Interpretation 115 <i>Operating Leases - Incentives</i>	1 January 2015
IC Interpretation 125 <i>Income Taxes - Changes in the Tax Status of an Entity or its Shareholders</i>	1 January 2015
IC Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>	1 January 2015
IC Interpretation 129 <i>Service Concession Arrangements: Disclosures</i>	1 January 2015
IC Interpretation 131 <i>Revenue - Barter Transactions Involving Advertising Services</i>	1 January 2015
IC Interpretation 132 <i>Intangible Assets - Web Site Costs</i>	1 January 2015

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the financial year ending 31 December 2015.

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

The following are judgements made by management in the process of applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

(a) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with FRS 117 *Leases*.

(b) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

(c) 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.

(d) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

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 each 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) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment in accordance with accounting policy stated in Note 4.4 on property, plant and equipment and depreciation. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation charge for future period is adjusted if there are significant changes from previous estimates.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the losses and capital allowances could be utilised. Significant management judgement is required to determine the amount of deferred tax assets that could be recognised, based on the likely timing and extent of future taxable profits together with future tax planning strategies.



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

6.3 Key sources of estimation uncertainty (Cont'd)

(c) 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.

(d) Write down for slow moving inventories

The Group writes down its slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for slow moving inventories. Where expectations differ from the original estimates, the differences would impact the carrying amount of inventories.

(e) 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.

(f) Construction

The Group recognises construction revenue and expenses in the statements of profit or loss and other 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.

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.

(g) Classification of joint arrangement

For its joint arrangement structured in a separate vehicle, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangement (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

- (i) Structure;
- (ii) Legal form;
- (iii) Contractual agreement; and
- (iv) Other facts and circumstances.

Upon consideration of these factors, the Group has determined that its joint arrangement structured through a separate vehicle provide rights to the net assets and is therefore, classified as a joint venture.

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

6.3 Key sources of estimation uncertainty (Cont'd)

(h) Income taxes

Significant judgement is required in determining the capital allowances, deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are transactions during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the period in which such determination is made.

(i) 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 39 to the financial statements.

(j) 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.

(k) Fair value measurement

The fair value measurement of the financial and non-financial assets and liabilities of the Group utilises market observable inputs and data as far as possible, where applicable. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are:

- (i) Level 1: Quoted prices in active markets for identical items (unadjusted);
- (ii) Level 2: Observable direct or indirect inputs other than Level 1 inputs; and
- (iii) Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used in the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures these elements in the financial statements at fair value:

- (i) Available-for-sale financial assets, Note 12 to the financial statements;
- (ii) Short term funds, Note 17 to the financial statements; and
- (iii) Financial instruments, Note 38 to the financial statements.



7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2013 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2013 RM
Carrying amount						
Leasehold land and building	2,366,532	2,179,505	-	-	(52,010)	4,494,027
IT equipment	684,074	149,094	-	-	(173,087)	660,081
Furniture and fittings	1,175,044	586,061	-	(2,833)	(191,371)	1,566,901
Motor vehicles	5,439,657	1,848,606	(362,041)	(2,811)	(1,589,112)	5,334,299
Office and computer equipment	728,429	448,832	(1,210)	(34,279)	(200,216)	941,556
Operation and construction equipment	570,274	2,708,450	-	-	(363,913)	2,914,811
Plant, machinery and cabins	204,030	2,049,565	-	-	(134,705)	2,118,890
Signboard	100	-	-	-	(50)	50
	11,168,140	9,970,113	(363,251)	(39,923)	(2,704,464)	18,030,615

	At 31.12.2013		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land and building	4,780,158	(286,131)	4,494,027
IT equipment	1,236,418	(576,337)	660,081
Furniture and fittings	2,325,638	(758,737)	1,566,901
Motor vehicles	9,528,545	(4,194,246)	5,334,299
Office and computer equipment	2,250,737	(1,309,181)	941,556
Operation and construction equipment	4,598,893	(1,684,082)	2,914,811
Plant, machinery and cabins	2,548,463	(429,573)	2,118,890
Signboard	500	(450)	50
	27,269,352	(9,238,737)	18,030,615

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
Carrying amount						
Leasehold land and building	2,588,474	-	(169,275)	-	(52,667)	2,366,532
IT 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
	8,485,439	4,880,129	(253,507)	(253)	(1,943,668)	11,168,140

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

	Cost RM	At 31.12.2012 Accumulated depreciation RM	Carrying amount RM
Leasehold land and building	2,496,124	(129,592)	2,366,532
IT 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
	18,735,359	(7,567,219)	11,168,140

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

	Group 2013 RM	2012 RM
Purchase of property, plant and equipment	9,970,113	4,880,129
Financed by hire-purchase arrangements	(4,378,800)	(2,376,000)
Cash payments on purchase of property, plant and equipment	5,591,313	2,504,129

(b) The carrying amount of the property, plant and equipment of the Group under hire-purchase arrangements as at the end of each reporting period are as follows:

	Group 2013 RM	2012 RM
Motor vehicles	5,151,425	4,339,697
Operation and construction equipment	192,779	-
Plant, machinery and cabins	1,204,750	-
	6,548,954	4,339,697

(c) As at the end of the reporting period, leasehold land and building with a carrying amount of RM2,172,564 (2012: RM2,220,843) were charged to a financial institution for term loan and bank overdraft facilities granted to the Group as disclosed in Note 21 to the financial statements.

8. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Balance as at 1.1.2013 RM	Additions RM	Balance as at 31.12.2013 RM
Carrying amount			
Leasehold land	-	47,296,781	47,296,781
Development costs	-	366,231	366,231
	-	47,663,012	47,663,012



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

Group	Balance as at 1.1.2012 RM	Development cost written off RM	Reversal of impairment loss RM	Reclassification to investment property (Note 9) RM	Balance as at 31.12.2012 RM
Carrying amount					
Freehold land	31,581,833	(412,638)	1,208,394	(32,377,589)	-
				At 31.12.2013 Accumulated impairment	Carrying amount
				Cost	loss
				RM	RM
Leasehold land			47,296,781	-	47,296,781
Development costs			366,231	-	366,231
			47,663,012	-	47,663,012

As at the end of the reporting period, leasehold land held for property development with a carrying amount of RM47,296,781 (2012: RM Nil) was pledged to a licensed bank for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

9. INVESTMENT PROPERTY

Group	Balance as at 1.1.2013 RM	Disposal RM	Balance as at 31.12.2013 RM
Carrying amount			
Freehold land, at cost	32,377,589	(32,377,589)	-
			Reclassification from land held
	Balance	for property	Balance
	as at	development	as at
	1.1.2012	(Note 8)	31.12.2012
	RM	RM	RM
Carrying amount			
Freehold land, at cost	-	32,377,589	32,377,589
Fair value			
At 31 December 2012			<u>35,800,000</u>

In the previous financial year, the fair value for investment property was 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 had also made comparisons with latest transacted prices.

On 8 April 2013, Grand Meridian Development Sdn. Bhd. a wholly-owned subsidiary of AQRS The Building Company Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, 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.

Subsequently, at an extraordinary general meeting held on 28 June 2013, the shareholders of Gabungan AQRS Berhad approved the disposal. The disposal was completed on 26 December 2013 to record a gain on disposal to the Group of RM17,622,411.

In the previous financial year, investment property with a carrying amount of RM32,377,589 had been pledged to a licensed bank for credit facilities granted to the Group.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 RM	2012 RM
Unquoted equity shares in Malaysia, at cost	77,040,004	73,640,000
Less: Impairment loss	(2,625,369)	(2,625,369)
Balance at 31 December	74,414,635	71,014,631

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

Name of company	Interest in equity held by				Principal activities
	Company		Subsidiaries		
	2013	2012	2013	2012	
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%	-	-	Contractor for civil and building construction works
Prestige Field Development Sdn. Bhd.	52%	52%	-	-	Property development
AQRS The Building Company Sdn. Bhd.	100%	100%	-	-	Property development
Broad Virtual Sdn. Bhd.	100%	100%	-	-	Dormant
Sinajasa Sdn. Bhd.	100%	-	-	-	Dormant
Gabungan AQRS Properties Sdn. Bhd (formerly known as Seni Lumayan Sdn. Bhd.)	100%	-	-	-	Property investment
Subsidiaries of AQRS The Building Company Sdn. Bhd.					
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
Subsidiary of Bright Reach Sdn. Bhd.					
Crystal Aspect Sdn. Bhd.	-	-	100%	64.5%	Property development

All subsidiaries are audited by BDO.



10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (a) On 5 March 2013, the Company acquired the entire issued and paid up share capital of Sinajasa Sdn. Bhd. ('Sinajasa'), a company incorporated in Malaysia, for a cash consideration of RM2. The effect of the acquisition is disclosed in Note 34(a) to the financial statements.
- (b) On 15 July 2013, the Company announced that, Bright Reach Sdn. Bhd. ('BRSB'), a wholly-owned subsidiary of AQRS The Building Company Sdn. Bhd. ('AQRS'), which in turn is a wholly-owned subsidiary of the Company, has acquired 1,775 ordinary shares of RM1.00 each, representing 35.5% of the total issued and paid-up share capital of Crystal Aspect Sdn. Bhd. ('CASB') for a total consideration of RM872,899, which were offset against prepayments and other payables of RM871,124 and RM1,775 respectively in the current financial year. Accordingly, CASB became a wholly-owned subsidiary of BRSB.

Subsequently, on 31 October 2013, BRSB subscribed for an additional 495,000 ordinary shares of RM1.00 each at par for cash in CASB pursuant to the allotment of shares carried out by CASB. Upon completion of the shares allotment, CASB remained as a wholly-owned subsidiary of BRSB. The subscription for additional shares in CASB did not have any financial effect to the Group.

- (c) On 16 August 2013, the Company subscribed for an additional 3,400,000 ordinary shares of RM1.00 each at par for cash in its wholly-owned subsidiary, AQRS pursuant to the allotment of shares carried out by AQRS. Upon completion of the shares allotment, AQRS remained as a wholly-owned subsidiary of the Company. The subscription for additional shares in AQRS did not have any material financial effect to the Group.
- (d) On 9 December 2013, the Company acquired the entire issued and paid up share capital of Gabungan AQRS Properties Sdn. Bhd. ('GBGAP') (*formerly known as Seni Lumayan Sdn. Bhd.*), a company incorporated in Malaysia, for a cash consideration of RM2. The effect of the acquisition is disclosed in Note 34(b) to the financial statements.
- (e) In the previous financial year, on 16 January 2012, the Company acquired the entire issued and paid up share capital of Broad Virtual Sdn. Bhd. ('BVSBS'), a company incorporated in Malaysia, for a cash consideration of RM2. The effect of the acquisition was disclosed in Note 34(c) to the financial statements.
- (f) In the previous financial year, the Company recognised an impairment loss of RM2,625,369 in respect of an investment in a subsidiary due to declining 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.
- (g) The subsidiaries of the Group that have non-controlling interests ('NCI') are as follows:

	Prestige Field Development Sdn. Bhd.	Crystal Aspect Sdn. Bhd.	Total
2013			
NCI percentage of ownership interest and voting interest	48%	-	
Carrying amount of NCI (RM)	10,919,191	-	10,919,191
Profit/(Loss) allocated to NCI (RM)	8,696,631	(179,895)	8,516,736
2012			
NCI percentage of ownership interest and voting interest	48%	35.5%	
Carrying amount of NCI (RM)	2,222,561	(73,090)	2,149,471
Profit/(Loss) allocated to NCI (RM)	724,801	(27,759)	697,042

10. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (h) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Prestige Field Development Sdn. Bhd.	Crystal Aspect Sdn. Bhd.
2013		
Assets and liabilities		
Non-current assets	47,935,175	34,302
Current assets	77,644,612	18,859,098
Non-current liabilities	(140,105)	-
Current liabilities	(100,748,045)	(16,196,752)
Net assets	24,691,637	2,696,648
Results		
Revenue	57,809,360	7,079,095
Profit for the financial year	20,061,301	2,407,535
Total comprehensive income	20,061,301	2,407,535
Cash flows used in operating activities	(1,798,682)	(785,089)
Cash flows (used in)/from investing activities	(35,191,241)	384,356
Cash flows from financing activities	33,457,569	495,000
Net (decrease)/increase in cash and cash equivalents	(3,532,354)	94,267
2012		
Assets and liabilities		
Non-current assets	473,916	-
Current assets	34,716,823	7,032,042
Non-current liabilities	(97,762)	-
Current liabilities	(30,462,641)	(7,237,929)
Net assets/(liabilities)	4,630,336	(205,887)
Results		
Revenue	7,127,637	-
Profit/(Loss) for the financial year	1,510,003	(78,193)
Total comprehensive income/(loss)	1,510,003	(78,193)
Cash flows used in operating activities	(15,508,645)	(308,572)
Cash flows from investing activities	6,611,387	308,542
Cash flows used in financing activities	(36,589)	-
Net decrease in cash and cash equivalents	(8,933,847)	(30)

- (i) The following subsidiaries have significant restrictions apply to their assets as follows:

- (i) Restriction imposed by bank covenants

The covenants of borrowings taken by Gabungan Strategik Sdn. Bhd., a wholly-owned subsidiary of the Company, restricts the ability of the subsidiary to declare dividends to its shareholder in excess of 30% of its profit before tax for each of the financial period, prior to the financial institution's consent.

- (ii) Restriction imposed by shareholders' agreements

In the non wholly-owned subsidiary of the Company, the non-controlling shareholders hold protective right, which restricts the ability of the Group to mortgage, charge or dispose its shares to any other third party, or assign any of its rights at any point in time, unless written consent is obtained from the non-controlling interest shareholders.



11. INVESTMENT IN A JOINT VENTURE

	Group and Company 2013 RM	2012 RM
Unquoted equity shares, at cost	3,000	-

(i) The details of the joint venture are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activity
		2013 %	2012 %	
Kreatif Sinar Gabungan Sdn. Bhd. ('KSGSB')	Malaysia	30%	-	Construction

(ii) KSGSB, the only joint venture in which the Company participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement provides the Company with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with KSGSB. This joint arrangement has been classified as a joint venture and has been included in the consolidated financial statements using the equity method.

(iii) On 4 September 2013, the Company subscribed for 3,000 ordinary shares of RM1.00 each at a par value in the share capital of KSGSB, a special purpose vehicle incorporated for the sole purpose of a proposed joint venture ('Proposed JV') to undertake the construction of the proposed Kompleks Pentadbiran Baru Kerajaan Negeri Pahang Darul Makmur di KotaSAS, Kuantan, Pahang Darul Makmur.

KSGSB remained inactive as at the end of the reporting period.

12. OTHER INVESTMENTS

	Group 2013 RM	2012 RM
Available-for-sale financial assets		
- Quoted shares in Malaysia	2,115	2,115
Market value of quoted shares	2,115	2,115

(a) Information on the fair value hierarchy is disclosed in Note 38(d) to the financial statements.

(b) Information on financial risks of other investments is disclosed in Note 39 to the financial statements.

13. DEFERRED TAX

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

	Group 2013 RM	2012 RM
At beginning of financial year	334,577	(2,241,313)
Recognised in profit or loss (Note 31)	2,812,313	2,575,890
At end of financial year	3,146,890	334,577

13. DEFERRED TAX (CONT'D)

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

Presented after appropriate offsetting:

	Group	
	2013 RM	2012 RM
Deferred tax assets, net	5,648,945	2,727,628
Deferred tax liabilities, net	(2,502,055)	(2,393,051)
	3,146,890	334,577

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

Deferred tax liabilities of the Group

	Land held development for property RM	Property, plant and equipment RM	Total RM
At 1 January 2013	1,977,658	415,393	2,393,051
Recognised in profit or loss	(183,402)	292,406	109,004
At 31 December 2013	1,794,256	707,799	2,502,055
At 1 January 2012	1,977,658	263,655	2,241,313
Recognised in profit or loss	-	151,738	151,738
At 31 December 2012	1,977,658	415,393	2,393,051

Deferred tax assets of the Group

	Property development costs RM	Unused tax losses and unabsorbed capital allowance RM	Provisions RM	Total RM
At 1 January 2013	1,847,360	358,897	521,371	2,727,628
Recognised in profit or loss	1,013,518	1,036,978	870,821	2,921,317
At 31 December 2013	2,860,878	1,395,875	1,392,192	5,648,945
At 1 January 2012	-	-	-	-
Recognised in profit or loss	1,847,360	358,897	521,371	2,727,628
At 31 December 2012	1,847,360	358,897	521,371	2,727,628

- (c) The amount of temporary differences for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group	
	2013 RM	2012 RM
Unused tax losses	2,902,102	1,592,943
Others	-	188,446
	2,902,102	1,781,389

Deferred tax assets of a subsidiary have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiary would be available against which the deductible temporary differences could be utilised.

The deductible temporary differences do not expire under the current tax legislation.



14. PROPERTY DEVELOPMENT COSTS

	Group	
	2013 RM	2012 RM
At beginning of financial year		
- Freehold land	31,505,332	21,505,332
- Leasehold land	76,611,497	58,981,107
- Development costs	73,143,115	40,986,196
- Accumulated costs charged to profit or loss	(24,800,001)	(8,257,801)
	156,459,943	113,214,834
Add: Costs incurred during the year		
- Freehold land	15,000,000	10,000,000
- Leasehold land	18,566,269	17,630,390
- Development costs	64,020,489	32,156,919
	97,586,758	59,787,309
Less: Costs recognised in profit and loss	(49,645,919)	(16,542,200)
Less: Transfers of completed projects	(1,814,115)	-
At end of financial year	202,586,667	156,459,943

(a) As at the end of the reporting period, included in the property development costs of the Group are freehold land and leasehold land with carrying amounts of RM30,000,000 (2012: RM16,505,332) and RM51,912,884 (2012: RM45,759,186) respectively, which were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 21(b) to the financial statements.

(b) As at the end of the reporting period, included in the leasehold land under development of the Group is a parcel of leasehold land with a carrying amount of RM35,321,156 (2012: RM21,586,801) 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. ('DESB') and SAP Holdings Berhad ('SAPHB') on 31 March 2011. In accordance with the agreement, Prestige Field was granted the sole and exclusive rights to develop the leasehold land.

Pursuant to a decision of the "Majlis Mesyuarat Kerajaan Negeri Selangor Darul Ehsan" ('MMKN') in a meeting held on 7 November 2012, MMKN had approved the application of Menteri Besar Selangor (Incorporated) ('MBI') on the alienation of the land.

Upon completion of the alienation of the land to MBI, Intelbest, DESB and SAPHB would not be in a position to complete the aforesaid agreement and the agreement would have to be revoked.

In view of the aforesaid alienation, Prestige was offered by MBI to acquire the land for a total cash consideration of RM55,220,000. On 18 February 2013, Prestige entered into a Sale and Purchase Agreement ('SPA') with MBI to acquire the said land measuring approximately 30.11 acres in Lestari Perdana, Mukim of Petaling, Daerah Petaling. The acquisition was completed following the full settlement on 25 October 2013 in accordance with the conditions of the SPA.

In view of and consequent upon the aforesaid alienation and SPA, Prestige had on 10 May 2013 entered into a supplemental agreement with Intelbest and DESB based on mutual agreement to revoke the original agreement. Intelbest hereby agrees that the original land cost payable by Prestige shall be reduced to RM27,321,921.

A parcel of the said land measuring approximately 15.59 acres is classified as land held for property development as at the end of the reporting period, as disclosed in Note 8 to the financial statements.

(c) Freehold land under development of RM30,000,000 (2012: RM15,000,000) is provided by Pro Meridian Sdn. Bhd. ('Pro Meridian'), pursuant to an agreement entered into by 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 interest expense of RM374,408 (2012: RM382,379). Interest is capitalised at rate of 6.85% (2012: 8.1%) per annum.

15. INVENTORY

	Group	
	2013 RM	2012 RM
At cost		
Completed property	1,814,115	-

16. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables					
Third parties		123,805,160	67,775,655	-	-
Related parties		1,700,815	124,863	-	-
Retention sums		33,918,809	39,745,959	-	-
Amounts due from contract customers					
- Third parties	24	71,330,748	23,503,424	-	-
		230,755,532	131,149,901	-	-
Less: Impairment loss - Third parties		(153,931)	(39,996)	-	-
		230,601,601	131,109,905	-	-
Other receivables					
Other receivables		37,614,529	10,716,281	-	-
Accrued billings		37,313,620	46,023,405	-	-
Amounts owing from subsidiaries		-	-	53,760,152	39,142,523
		74,928,149	56,739,686	53,760,152	39,142,523
Less: Impairment loss - Other receivables		(1,179,838)	(973,616)	-	-
		73,748,311	55,766,070	53,760,152	39,142,523
Loans and receivables		304,349,912	186,875,975	53,760,152	39,142,523
Deposits and prepayments					
Deposits		15,240,918	1,590,991	754,400	2,000
Prepayments		1,674,655	1,528,366	758,221	52,266
		16,915,573	3,119,357	1,512,621	54,266
		321,265,485	189,995,332	55,272,773	39,196,789

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranges from 30 to 60 days (2012: 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.

Included in the trade receivables of the Group are amounts owing from a former Director of the Company as well as his close family member amounting to RM704,430 (2012: RM Nil).

- (b) Amounts owing from related parties are trade amounts owing from Directors of the Company and subsidiaries as well as their close family members arising from the purchase of development properties of the Group.



16. TRADE AND OTHER RECEIVABLES (CONT'D)

(c) The retention sums are unsecured, interest-free and are expected to be collected as follows:

	2013 RM	Group 2012 RM
Within one (1) year	12,926,378	13,477,627
Within two (2) years	20,992,431	26,268,332
	33,918,809	39,745,959

(d) Included in the other receivables of the Group is an amount owing from Ocean Mix Sdn. Bhd. amounting to RM20,995,500 (2012: RM Nil), which represents proceed receivable from the disposal of investment property as disclosed in Note 9 to the financial statements. The amount was fully received subsequent to the end of the reporting period.

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

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

(g) The ageing analysis of trade receivables of the Group are as follows:

	2013 RM	Group 2012 RM
Neither past due nor impaired	165,402,157	98,532,085
Past due, not impaired		
1 - 30 days	5,491,097	3,634,546
31 - 120 days	16,506,800	11,180,963
More than 120 days	43,201,547	17,762,311
	65,199,444	32,577,820
Past due and impaired	153,931	39,996
	230,755,532	131,149,901

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 26% (2012: 34%) 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. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. As at the date of authorisation of financial statements by the Board of Directors on 24 April 2014, 41% of the receivables that are past due but not impaired were received.

Receivables that are past due and impaired

Trade receivables of the Group that are past due and impaired at the end of each reporting period are as follows:

	2013 RM	Group Individually impaired 2012 RM
Trade receivables, gross	153,931	39,996
Less: Impairment loss	(153,931)	(39,996)
	-	-

16. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group	
	2013 RM	2012 RM
Trade receivables		
At beginning of financial year	39,996	117,902
Charge for the financial year (Note 30)	113,935	39,996
Written off	-	(117,902)
At end of financial year	153,931	39,996
Other receivables		
At beginning of financial year	973,616	1,615,426
Charge for the financial year (Note 30)	206,222	-
Written off	-	(641,810)
At end of financial year	1,179,838	973,616
	1,333,769	1,013,612

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

(i) Information on financial risks of trade and other receivables is disclosed in Note 39 to the financial statements.

17. SHORT TERM FUNDS

	Group and Company	
	2013 RM	2012 RM
Financial assets at fair value through profit or loss		
Fixed income trust funds in Malaysia	20,952,966	37,291,672

(a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.

(b) Included in the short term funds of the Group and of the Company are amounts of RM19,972,573 (2012: RM37,291,672) representing investments in highly liquid money market, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.

(c) Short term funds are denominated in Ringgit Malaysia.

(d) Information on financial risks of short term funds is disclosed in Note 39 to the financial statements.

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cash and bank balances	7,607,740	10,704,677	1,494,247	1,074,989
Fixed deposits with licensed banks	34,826,988	42,004,587	-	-
	42,434,728	52,709,264	1,494,247	1,074,989



18. CASH AND CASH EQUIVALENTS (CONT'D)

- (a) Included in fixed deposits with licensed banks of the Group are amounts of RM34,668,347 (2012: RM42,004,587) pledged as securities for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.
- (b) Fixed deposits with licensed banks have maturity period ranging from one (1) month to one (1) year (2012: seven (7) days to one (1) year).
- (c) Included in cash and bank balances of the Group is a balance of RM1,909,408 (2012: RM3,676,506) 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 Ringgit Malaysia.
- (e) Information on financial risks of cash and cash equivalents is disclosed in Note 39 to the financial statements.
- (f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Cash and bank balances		7,607,740	10,704,677	1,494,247	1,074,989
Fixed deposits with licensed banks		34,826,988	42,004,587	-	-
Short term funds	17(b)	19,972,573	37,291,672	19,972,573	37,291,672
		62,407,301	90,000,936	21,466,820	38,366,661
Less:					
Bank overdrafts included					
in borrowings	21	(58,248,984)	(23,179,826)	-	-
Fixed deposits pledged	18(a)	(34,668,347)	(42,004,587)	-	-
		(30,510,030)	24,816,523	21,466,820	38,366,661

19. SHARE CAPITAL

		Group and Company			
		2013		2012	
		Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.25 each:					
Authorised					
At beginning of financial year		400,000,000	100,000,000	400,000,000	100,000,000
Created during the year		1,600,000,000	400,000,000	-	-
At end of financial year		2,000,000,000	500,000,000	400,000,000	100,000,000
Issued and fully paid					
At beginning of financial year		355,520,000	88,880,000	293,520,000	73,380,000
Issued pursuant to initial public offering ('IPO')		-	-	62,000,000	15,500,000
At end of financial year		355,520,000	88,880,000	355,520,000	88,880,000

19. SHARE CAPITAL (CONT'D)

During the financial year, the Company increased its authorised share capital from RM100,000,000 to RM500,000,000 by the creation of an additional 1,600,000,000 ordinary shares of RM0.25 each.

In the previous 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 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 (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

Warrants

A total of 159,984,000 free Warrants were issued on 25 July 2013 pursuant to the Deed Poll dated 5 July 2013 ('Deed Poll') to all the shareholders of the Company on the basis of nine (9) warrants for every twenty (20) existing ordinary shares held on 17 July 2013. The main features of the Warrants are as follows:

- (i) Each Warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, subject to the provisions in the Deed Poll.
- (ii) The exercise price of each Warrant has been fixed at RM1.30.
- (iii) The expiry date of Warrants shall be the date immediately preceding the fifth (5th) anniversary date of first issue of the Warrants, and if such date is not a Market Day, then on the immediate preceding Market Day, whereupon any warrant, which has not been exercised, will lapse and cease thereafter to be valid for any purpose.
- (iv) The ordinary shares of RM0.25 each to be issued pursuant to the exercise of the Warrants will rank pari passu in all respect with the existing issued ordinary share of the Company.

During the current financial year, all of the warrants issued remain unexercised.

20. RESERVES

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable					
Treasury shares	(a)	(344,308)	-	(344,308)	-
Share premium	(b)	56,040,571	56,040,571	56,040,571	56,040,571
Distributable					
Retained earnings	(c)	106,657,904	70,489,902	7,086,811	2,656,675
		162,354,167	126,530,473	62,783,074	58,697,246



20. RESERVES (CONT'D)

(a) Treasury shares

The shareholders of the Company, by ordinary resolution passed in an extraordinary general meeting held on 28 June 2013, approved the Company's plan to repurchase its own shares up to ten percent (10%) of its issued and paid-up share capital. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 311,500 of its owned ordinary shares of RM0.25 each from the open market for a total consideration of RM344,308 at an average price of RM1.105 per ordinary share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia and none of the treasury shares held were re-sold or cancelled during the financial year.

Of the total 355,520,000 issued and fully paid ordinary shares of RM0.25 each as at 31 December 2013, 311,500 ordinary shares of RM0.25 each amounting to RM344,308 are held as treasury shares by the Company. The number of outstanding ordinary shares of RM0.25 each in issue after deducting the treasury shares is 355,208,500.

(b) 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.

21. BORROWINGS

	Note	Group 2013 RM	2012 RM
Non-current liabilities			
Term loans		29,085,330	10,718,036
Hire-purchase creditors	22	5,403,716	3,945,874
		34,489,046	14,663,910
Current liabilities			
Term loans		38,858,990	24,573,237
Revolving credit		400,000	400,000
Hire-purchase creditors	22	2,194,776	1,137,639
Bank overdrafts		58,248,984	23,179,826
		99,702,750	49,290,702
		134,191,796	63,954,612
Total borrowings			
Term loans		67,944,320	35,291,273
Revolving credit		400,000	400,000
Hire-purchase creditors		7,598,492	5,083,513
Bank overdrafts		58,248,984	23,179,826
		134,191,796	63,954,612

(a) Bank overdrafts of the Group are secured by the following:

- (i) Leasehold land and building under property, plant and equipment of the Group as disclosed in Note 7(c) to the financial statements;
- (ii) Leasehold land held for property development of the Group as disclosed in Note 8 to the financial statements; and
- (iii) Fixed deposits as disclosed in Note 18(a) to the financial statements.

The bank overdrafts are also jointly and severally guaranteed by certain Directors and shareholders of the Company.

21. BORROWINGS (CONT'D)

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

- (i) Leasehold land and building under property, plant and equipment of the Group (as disclosed in Note 7(c) to the financial statements) and assignment of a subsidiary's contract proceeds;
- (ii) Leasehold land held for property development of the Group as disclosed in Note 8 to the financial statements;
- (iii) Freehold land and leasehold land under development of the Group as disclosed in Note 14(a) to the financial statements;
- (iv) Fixed deposits as disclosed in Note 18(a) to the financial statements;
- (v) Assignment of HDA Account of the property development projects at Mukim of Ulu Kelang, Selangor and Mukim Tebrau, Johor (sales proceeds inclusive of profit from sales of the projects); and
- (vi) Specific Debentures incorporating first fixed and floating charges over all the Projects' assets, both present and future.

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

(c) The repayment terms for the term loans are as follows:

	Group	
	2013 RM	2012 RM
Term loan I is repayable by sixty (60) monthly instalments ranging from RM444,655 to RM452,327 each commencing January 2011	9,440,570	14,245,968
Term loan II is repayable by six (6) equal monthly instalments of RM3,250,000 each commencing March 2013	-	19,583,816
Term loan III is repayable by one hundred and eighty (180) equal monthly instalments of RM9,964 each commencing March 2009	924,029	997,189
Term loan IV is repayable by sixty (60) equal monthly instalments of RM11,980 each commencing September 2011	349,962	464,300
Term loan V is repayable based on redemption structure set by a financial institution	23,638,350	-
Term loan VI is repayable by fourteen (14) equal monthly instalments of RM2,880,000 each commencing November 2013	33,591,409	-
	67,944,320	35,291,273

Repayable as follows:

- within one (1) year	38,858,990	24,573,237
- later than one (1) year and not later than five (5) years	28,577,646	10,125,560
- later than five (5) years	507,684	592,476
	67,944,320	35,291,273

(d) All borrowings are denominated in Ringgit Malaysia.

(e) Information on financial risk of borrowings is disclosed in Note 39 to the financial statements.



22. HIRE-PURCHASE CREDITORS

	Group	
	2013 RM	2012 RM
Minimum hire-purchase payments:		
- not later than one (1) year	2,551,998	1,361,214
- later than one (1) year and not later than five (5) years	5,766,812	4,200,355
- later than five (5) years	1,282	89,331
Total minimum hire-purchase payments	8,320,092	5,650,900
Less: Future interest charges	(721,600)	(567,387)
Present value of hire-purchase payments	7,598,492	5,083,513
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	2,194,776	1,137,639
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	5,402,445	3,859,013
- later than five (5) years	1,271	86,861
	5,403,716	3,945,874
	7,598,492	5,083,513

Information on financial risks of hire-purchase is disclosed in Note 39 to the financial statements.

23. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Trade payables					
Third parties		30,330,603	39,310,588	-	-
A related party		13,000	-	-	-
Retention sums		56,409,249	55,971,155	-	-
Amounts due to contract customers					
- Third parties	24	40,981,455	32,989,302	-	-
		127,734,307	128,271,045	-	-
Other payables					
Other payables		13,847,431	8,223,842	17,095	88,770
Amount owing to a related party		6,850,216	7,073,253	-	-
Accruals		78,077,054	35,028,369	798,878	912,065
Deposits		130,474	1,075,678	-	-
Dividends payable		-	13,157	-	-
Progress billings		16,446,831	13,727,116	-	-
Amounts owing to corporate shareholders of a subsidiary		7,826,577	2,525,457	-	-
Amounts owing to Directors		716,643	1,332,136	-	-
		123,895,226	68,999,008	815,973	1,000,835
		251,629,533	197,270,053	815,973	1,000,835

23. TRADE AND OTHER PAYABLES (CONT'D)

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranges from 14 to 90 days (2012: 14 to 90 days). Other credit term are assessed and approved by the suppliers on a case by case basis.
- (b) Included in the other payables of the Group is an amount owing to a former Director of the Company amounting to RM618,568. In the previous financial year, this amount was included in the amounts owing Directors.
- (c) Amount owing to a related party (non-trade) represents advances received from a company in which certain Directors have substantial financial interests. This amount is unsecured, interest-free and repayable upon demand in cash and cash equivalents.
- (d) Dividends payable were payable to former shareholders of a subsidiary in respect of the financial year ended 31 December 2010.
- (e) Amounts owing to 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.
- (f) All trade and other payables are denominated in Ringgit Malaysia.
- (g) Information on financial risks of trade and other payables is disclosed in Note 39 to the financial statements.

24. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2013 RM	2012 RM
Aggregate costs incurred to date	1,423,635,815	1,212,963,959
Add: Attributable profits	331,526,601	299,052,386
	1,755,162,416	1,512,016,345
Less: Progress billings	(1,724,813,123)	(1,521,502,223)
	30,349,293	(9,485,878)
Amounts due from contract customers (Note 16)	71,330,748	23,503,424
Amounts due to contract customers (Note 23)	(40,981,455)	(32,989,302)
	30,349,293	(9,485,878)

Additions to aggregate costs incurred during the financial year included:

	Group	
	2013 RM	2012 RM
Salaries, bonus and overtime	4,164,858	1,707,845
EPF and Socso contributions	500,211	235,622
Wages	955,104	187,983
Other benefits	227,116	141,169
Rental of:		
- crane	8,414,085	1,104,771
- excavator	4,332,752	817,351
- lorries	2,198,763	551,735
- plant and machinery	673,992	253,788
- tractors	1,252,257	918,664
- site office	140,892	118,271
- site quarters	139,542	144,137



25. COMMITMENTS

(a) Operating lease commitments

The Group as lessee

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

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

	Group	
	2013 RM	2012 RM
Not later than one (1) year	385,395	418,804
Later than one (1) year and not later than five (5) years	161,959	326,862
	547,354	745,666

(b) Capital commitments

	Note	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Contracted but not provided for					
- Share of equity interest in an entity	40(a)	3,469,200	-	-	-
- Land held for property development		25,147,063	75,646,679	-	-
- Freehold land held under development		87,000,000	107,000,000	-	-
- Property, plant and equipment		6,660,000	-	6,660,000	-
		122,276,263	182,646,679	6,660,000	-

26. CONTINGENT LIABILITIES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Guarantees				
Corporate guarantees given to financial institutions for credit facilities granted to related parties	-	5,202,408	-	-
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	-	-	259,320,530	55,750,697
Corporate guarantees given to suppliers in respect of goods supplied to its wholly-owned subsidiaries	-	-	39,780,000	12,472,160
Bank guarantees given by financial institutions in respect of construction and property projects	140,256,414	127,362,734	-	-
	140,256,414	132,565,142	299,100,530	68,222,857

The Directors are of view that the chances of the financial institutions to call upon the guarantee are remote. Accordingly, the fair values of the above guarantees are negligible.

26. 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 RM3,000,000 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. On 5 August 2011, Morning Valley filed a claim against AQRs for a sum of RM3,000,000, being the deposit which it alleged had not been refunded.

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. On 10 July 2013, Morning Valley withdrew the suit with no liberty to file afresh and without order as to costs and the Notice of Discontinuance was issued on the same date. Hence, the case was resolved during the current financial year.

27. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Property development revenue	122,641,847	49,707,150	-	-
Contract revenue	283,665,769	269,820,306	-	-
Gross dividend income from subsidiaries	-	-	14,886,436	13,900,000
	406,307,616	319,527,456	14,886,436	13,900,000

28. COST OF SALES

	Group	
	2013 RM	2012 RM
Property development costs	49,645,919	16,542,200
Contract costs	251,938,180	232,391,719
	301,584,099	248,933,919

29. FINANCE COSTS

	Group	
	2013 RM	2012 RM
Interest expense on:		
- bank overdrafts	1,820,950	900,369
- hire-purchase creditors	296,192	185,625
- term loans	2,099,442	1,969,548
- others	21,001	26,587
	4,237,585	3,082,129



30. PROFIT BEFORE TAX

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- statutory audits					
		190,000	185,500	38,000	34,500
		-	(4,339)	-	-
		72,333	259,281	70,833	175,181
Depreciation of property, plant and equipment	7	2,704,464	1,943,668	-	-
Deposit written off		-	25,000	-	25,000
Development cost written off	8	-	412,638	-	-
Directors' remuneration paid to:					
Directors of the Company					
		2,684,474	1,382,714	2,684,474	1,382,714
		3,002,964	1,872,534	-	-
Directors of the subsidiaries					
		-	5,000	-	-
		244,780	519,732	-	-
Impairment losses on:					
	34(a)	7,475	-	-	-
	10	-	-	-	2,625,369
	16(h)	113,935	39,996	-	-
	16(h)	206,222	-	-	-
Interest expense on developer interest bearing scheme					
		2,248,418	1,817,922	-	-
Property, plant and equipment written off	7	39,923	253	-	-
Rental of:					
		29,167	-	-	-
		944	1,200	-	-
		16,500	4,800	-	-
		20,168	9,970	-	-
		555,966	431,060	-	-
And crediting:					
Dividend income					
		-	-	14,886,436	13,900,000
Net gain on disposals of:					
		188,749	209,493	-	-
	9	17,622,411	-	-	-
Interest income from:					
		884,682	1,260,872	-	245,880
		1,001,100	291,672	1,001,100	291,672
		152,790	68,376	-	-
		243,358	-	-	-
		15,866	-	587	-
Reversal of impairment loss on land held for property development					
	8	-	1,208,394	-	-

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM109,770 and RM66,270 (2012: RM90,067 and RM4,492) respectively.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2013

31. TAX EXPENSE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current tax expense based on profit for the financial year	22,693,877	12,463,968	1,017,683	1,016,382
Under/(Over) provision in prior years	1,267,196	(305,891)	(127,338)	6,094
	23,961,073	12,158,077	890,345	1,022,476
Deferred tax (Note 13):				
Relating to origination and reversal of temporary differences	(3,287,824)	(2,610,939)	-	-
Under provision in prior years	475,511	35,049	-	-
	(2,812,313)	(2,575,890)	-	-
	21,148,760	9,582,187	890,345	1,022,476

The Malaysian income tax is calculated at the statutory tax rate of 25% (2012: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit before tax	72,505,493	31,892,372	10,866,593	6,763,690
Tax at Malaysian statutory tax rate of 25% (2012: 25%)	18,126,373	7,973,093	2,716,648	1,690,923
Tax effects in respect of:				
Non-allowable expenses	3,448,708	1,747,333	913,810	1,856,995
Non-taxable income	(312,702)	(409,733)	(2,612,775)	(2,531,536)
Deferred tax assets not recognised	280,178	-	-	-
Lower tax rate imposed on property gain	(2,136,504)	-	-	-
Tax charge from deemed disposal of freehold land	-	542,336	-	-
	19,406,053	9,853,029	1,017,683	1,016,382
Under/(Over) provision in prior years				
- current tax expense	1,267,196	(305,891)	(127,338)	6,094
- deferred tax expense	475,511	35,049	-	-
	21,148,760	9,582,187	890,345	1,022,476



32. 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.

	Group	
	2013 RM	2012 RM
Profit attributable to equity holders of the parent	42,839,997	21,613,143
Weighted average number of ordinary shares in issue (unit)	355,520,000	293,520,000
Effect of:		
- share repurchased	(16,307)	-
- issued pursuant to initial public offering	-	26,838,356
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	355,503,693	320,358,356
Basic earnings per ordinary share (sen)	12.05	6.75

(b) Diluted

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

During the financial year, the free Warrants issued have no dilutive effect, as the exercise price of the Warrants exceeded the average market price of ordinary shares during the period (i.e. they were 'out of the money').

33. DIVIDENDS

	Group and Company			
	2013		2012	
	Gross dividend per share sen	Amount of dividend RM	Gross dividend per share sen	Amount of dividend RM
Final single tier dividend paid in respect of financial year ended 31 December 2012	1.56	5,546,112	-	-

A final single tier dividend in respect of the financial year ended 31 December 2013 of 1.91 sen per ordinary share of RM0.25 each, amounting to RM6,784,482 has been proposed by the Directors after the end of the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by shareholders, would be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2014.

34. ACQUISITION OF SUBSIDIARIES

2013

- (a) On 5 March 2013, the Company acquired the entire issued and paid up share capital of Sinajasa Sdn. Bhd. ('Sinajasa'), a company incorporated in Malaysia, for a cash consideration of RM2.

- (i) The fair value of the identifiable liabilities of Sinajasa as at the date of acquisition is as follows:

	RM
Other payables	(7,473)
Goodwill arising from acquisition	7,475
Total consideration	2

Goodwill of RM7,475 was fully impaired and written off during the financial year, as Sinajasa is currently in loss making position.

- (ii) The consideration transferred for the acquisition of Sinajasa is as follows:

	RM
Cash paid/Total consideration	2

- (iii) The effects of the acquisition of Sinajasa on cash flows of the Group are as follows:

	RM
Consideration settled in cash	2
Less: Cash and cash equivalents of subsidiary acquired	-
Net cash outflow of the Group on acquisition	2

The acquisition of Sinajasa did not have any material financial effect to the Group.

- (b) On 9 December 2013, the Company acquired the entire issued and paid up share capital of Gabungan AQRS Properties Sdn. Bhd. ('GBGAP') (formerly known as *Seni Lumayan Sdn. Bhd.*), a company incorporated in Malaysia, for a cash consideration of RM2.

- (i) The fair value of the identifiable asset of GBGAP as at the date of acquisition is as follows:

	RM
Cash and cash equivalents	2

- (ii) The consideration transferred for the acquisition of GBGAP is as follows:

	RM
Cash paid/Total consideration	2

- (iii) The effects of the acquisition of GBGAP on cash flows of the Group are as follows:

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

The acquisition of GBGAP did not have any material financial effect to the Group.



34. ACQUISITION OF SUBSIDIARIES (CONT'D)

2012

(c) In the previous financial year, on 16 January 2012, the Company acquired the entire issued and paid up share capital of Broad Virtual Sdn. Bhd. ('BVSB'), a company incorporated in Malaysia, for a total cash consideration of RM2.

(i) The fair value of the identifiable asset of BVSB as at the date of acquisition was as follows:

	RM
Cash and cash equivalents	2

(ii) The consideration transferred for the acquisition of BVSB was as follows:

	RM
Cash paid/Total consideration	2

(iii) The effects of the acquisition of a subsidiary on cash flows were as follows:

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

The acquisition of BVSB did not have any material financial effect on the Group.

35. EMPLOYEE BENEFITS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Wages and salaries	21,430,160	19,607,566	3,266,851	1,994,653
EPF and Socso contributions	2,618,447	2,427,560	326,122	210,109
Other benefits	835,926	302,272	46,506	77,018
	24,884,533	22,337,398	3,639,479	2,281,780

Included in the employee benefits of the Group and the Company are Directors' remuneration amounting to RM5,932,218 (2012: RM3,779,980) and RM2,684,474 (2012: RM1,382,714) respectively.

36. 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, directing 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.

36. RELATED PARTY DISCLOSURES (CONT'D)

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Subsidiaries:				
Gross dividend income	-	-	14,886,436	13,900,000
Related parties:				
Rental of office premise paid/payable	101,100	188,100	-	-
Progress billings on construction contracts paid/payable	104,000	-	-	-
Directors of the Company and their close family members:				
Sale of development properties	2,386,300	-	-	-
Directors of the subsidiaries and their close family members:				
Sale of development properties	9,355,000	-	-	-
A former Director of the Company and his close family member:				
Sale of development properties	1,198,000	-	-	-

Balances with related parties at the end of the financial year are disclosed in Note 16 and Note 23 to the financial statements.

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated 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 during the financial year was as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short term employee benefits	5,363,338	3,465,277	2,447,665	1,302,790
Contributions to defined contribution plan	568,880	314,703	236,809	79,924
	5,932,218	3,779,980	2,684,474	1,382,714



37. 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 (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows.

- (i) Property development
Development of residential and commercial properties.
- (ii) Construction
Securing and carrying out construction contracts.

Other operating segments comprise investment holding and property investment.

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 and previous financial year.

	Property development RM	Construction RM	Other operating segments RM	Total RM
2013				
Segment revenue				
Total revenue	122,641,847	369,028,254	14,886,436	506,556,537
Inter segment revenue	-	(85,362,485)	(14,886,436)	(100,248,921)
Revenue from external customers	122,641,847	283,665,769	-	406,307,616
Interest income	482,246	813,863	1,001,687	2,297,796
Finance costs	(2,093,382)	(2,144,203)	-	(4,237,585)
Net finance expenses	(1,611,136)	(1,330,340)	1,001,687	(1,939,789)
Segment profit/(loss) before tax				
Tax expense	(7,732,047)	(13,544,051)	127,338	(21,148,760)
Other material non-cash item:				
- Depreciation	(582,813)	(2,121,651)	-	(2,704,464)
Investment in a joint venture	-	-	3,000	3,000
Additions to non-current assets other than financial instruments and deferred tax assets	48,523,188	6,930,432	2,179,505	57,633,125
Segment assets	433,497,738	472,537,852	154,658,555	1,060,694,145
Segment liabilities	394,017,891	320,302,253	3,013,971	717,334,115

37. OPERATING SEGMENTS (CONT'D)

	Property development RM	Construction RM	Other operating segments RM	Total RM
2012				
Segment revenue				
Total revenue	49,707,150	312,499,192	13,900,000	376,106,342
Inter segment revenue	-	(42,678,886)	(13,900,000)	(56,578,886)
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	(1,935,034)	(1,147,095)	-	(3,082,129)
Net finance expenses	(1,787,327)	(211,434)	537,552	(1,461,209)
Segment profit/(loss) before tax	1,830,163	38,219,733	(4,518,871)	35,531,025
Tax expense	(922,281)	(8,653,812)	(6,094)	(9,582,187)
Other material non-cash item:				
- Depreciation	(468,315)	(1,475,353)	-	(1,943,668)
Additions to non-current assets other than financial instruments and deferred tax assets	960,756	3,919,373	-	4,880,129
Segment assets	292,754,983	358,978,833	148,578,083	800,311,899
Segment liabilities	277,482,843	231,753,760	1,008,765	510,245,368

(a) Reconciliations

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

	2013 RM	2012 RM
Revenue		
Total revenue for reportable segments	506,556,537	376,106,342
Elimination of inter-segmental revenues	(100,248,921)	(56,578,886)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	406,307,616	319,527,456
Profit for the financial year		
Total profit or loss for reportable segments	77,300,643	35,531,025
Elimination of inter-segment profits	(4,054,070)	(3,638,653)
Impairment losses on goodwill	(7,475)	-
Elimination of consolidation adjustments	(733,605)	-
Profit before tax	72,505,493	31,892,372
Tax expense	(21,148,760)	(9,582,187)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	51,356,733	22,310,185
Assets		
Total assets for reportable segments	1,060,694,145	800,311,899
Elimination of investments in subsidiaries and consolidation adjustments	(79,412,416)	(70,528,930)
Elimination of inter-segment balances	(317,801,815)	(243,748,349)
Total assets of the Group per consolidated statement of financial position	663,479,914	486,034,620
Liabilities		
Total liabilities for reportable segments	717,334,115	510,245,368
Elimination of consolidation adjustments	1,794,256	1,977,657
Elimination of inter-segment balances	(317,801,815)	(243,748,349)
Total liabilities of the Group per consolidated statement of financial position	401,326,556	268,474,676



37. OPERATING SEGMENTS (CONT'D)

(b) Geographical information

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

(c) Major customers

The following are major customers with revenue equal to or more than ten per centum (10%) of Group revenue for current and prior year:

	Group	
	2013 RM	2012 RM
Customer A	171,866,001	66,315,913
Customer B	48,114,154	-
Customer C	-	43,862,997
Customer D	-	72,398,182
Customer E	-	46,159,965
	219,980,155	228,737,057

The above customers are related to the construction segment.

38. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from financial year ended 31 December 2012.

The Group manages its capital structure and makes adjustments to it in response to 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 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. 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. The Group includes within net debt, loans and borrowings, less cash and cash equivalents (including fixed deposits with licensed banks) and short term funds. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Borrowings	134,191,796	63,954,612	-	-
Less:				
Short term funds	(20,952,966)	(37,291,672)	(20,952,966)	(37,291,672)
Cash and cash equivalents	(42,434,728)	(52,709,264)	(1,494,247)	(1,074,989)
Net debt/(cash)	70,804,102	(26,046,324)	(22,447,213)	(38,366,661)
Total capital	262,153,358	217,559,944	151,663,074	147,577,246
Net debt/(cash)	70,804,102	(26,046,324)	(22,447,213)	(38,366,661)
Total	332,957,460	191,513,620	129,215,861	109,210,585
Gearing ratio	21%	-	-	-

38. FINANCIAL INSTRUMENTS (CONT'D)

(a) Capital management (Cont'd)

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 Company has complied with this requirement for the financial year ended 31 December 2013.

(b) Financial instruments

Categories of financial instruments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Financial assets				
<i>Fair value through profit or loss</i>				
Short term funds*	20,952,966	37,291,672	20,952,966	37,291,672
<i>Available for sale</i>				
Other investments	2,115	2,115	-	-
<i>Loans and receivables</i>				
Trade and other receivables, net of deposits and prepayments	304,349,912	186,875,975	53,760,152	39,142,523
Cash and cash equivalents	42,434,728	52,709,264	1,494,247	1,074,989
	346,784,640	239,585,239	55,254,399	40,217,512
Financial liabilities				
<i>Other financial liabilities</i>				
Borrowings	134,191,796	63,954,612	-	-
Trade and other payables, net of deposits received	251,499,059	196,194,375	815,973	1,000,835
	385,690,855	260,148,987	815,973	1,000,835

* Represent fixed income trust funds in Malaysia



38. FINANCIAL INSTRUMENTS (CONT'D)

- (c) 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 values and whose carrying amounts are a reasonable approximation of fair values.

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair values, 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 each reporting period.

The carrying amounts of the current position of loans and borrowings are reasonable approximations of the fair values due to the insignificant impact of discounting.

- (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 values of quoted shares in Malaysia are determined by reference to the exchange quoted market bid prices at the close of the business on the end of each reporting period.

- (iv) Short term funds

The fair values of short term funds in Malaysia are determined by reference to the counter parties' quotes at the close of the business at the end of the reporting period.

- (d) Fair value hierarchy

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

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).

Fair values of non-derivative financial liabilities, which are determined for disclosure purposes, are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

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).

38. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy (Cont'd)

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair values of financial instruments carried at fair value			Fair values of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2013								
Group								
Financial assets								
Financial assets at fair value through profit or loss								
- Short term funds	-	20,952,966	-	-	-	-	20,952,966	20,952,966
Available-for-sale financial assets								
- Quoted shares in Malaysia	2,115	-	-	-	-	-	2,115	2,115
	2,115	20,952,966	-	-	-	-	20,955,081	20,955,081
Financial liabilities								
Other financial liabilities								
- Hire purchase creditors	-	-	-	-	7,325,928	-	7,325,928	7,598,492
2013								
Company								
Financial assets								
Financial assets at fair value through profit or loss								
- Short term funds	-	20,952,966	-	-	-	-	20,952,966	20,952,966



38. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy (Cont'd)

The following tables set out the financial instruments carried at fair values and those not carried at fair values for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position (Cont'd).

	Fair values of financial instruments carried at fair value			Fair values of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
2012								
Group								
Financial assets at fair value through profit or loss								
- Short term funds	-	37,291,672	-	-	-	-	37,291,672	37,291,672
Available-for-sale financial assets								
- Quoted shares in Malaysia	2,115	-	-	-	-	-	2,115	2,115
	2,115	37,291,672	-	-	-	-	37,293,787	37,293,787
Financial liabilities								
Other financial liabilities								
- Hire purchase creditors	-	-	-	-	4,821,342	-	4,821,342	5,083,513
Company								
Financial assets								
Financial assets at fair value through profit or loss								
- Short term funds	-	37,291,672	-	-	-	-	37,291,672	37,291,672

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2013 and 31 December 2012.

(e) The Group has established guidelines in respect to the measurement of fair values of financial instruments. The management regularly reviews significant unobservable inputs and valuation adjustments.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The exposure to these risks arises in the normal course of the Group's business. The Group's overall business strategies outlines its tolerance to risk and its general risk management philosophy and is determined by the management in accordance with prevailing economic and operating conditions.

The Group is exposed mainly to interest rate risk, liquidity and cash flow risk, credit risk and market price risk. Information on the management of the related exposures is 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 would fluctuate because of changes in market interest rates.

The exposure of the Group to interest rate risk arises primarily from their fixed deposits with licensed banks, short term funds with licensed financial institutions, loans and borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by a hundred (100) basis points with all other variables held constant:

Profit after tax	Group	
	2013 RM	2012 RM
- Increase by 1% (2012: 1%)	(745,236)	(164,625)
- Decrease by 1% (2012: 1%)	745,236	164,625

The sensitivity is higher in 2013 than in 2012 because of an increase in outstanding borrowings during the financial year. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

The following tables set out the carrying amounts, the weighted average effective interest rates ('WAEIR') as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

	Note	WAEIR %	Within	1 - 2	2 - 3	3 - 4	4 - 5	More	Total RM
			1 year RM	years RM	years RM	years RM	years RM	than 5 years RM	
Group									
At 31 December 2013									
Fixed rates									
Fixed deposits with									
licensed banks	18	2.47	34,826,988	-	-	-	-	-	34,826,988
Hire-purchase creditors	22	5.15	2,194,776	2,265,981	2,008,239	855,514	272,711	1,271	7,598,492
Floating rates									
Term loans	21	6.00	38,858,990	4,582,120	182,784	23,727,293	85,449	507,684	67,944,320
Revolving credit	21	5.00	400,000	-	-	-	-	-	400,000
Bank overdrafts	21	7.82	58,248,984	-	-	-	-	-	58,248,984



39. 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 each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk (Cont'd):

	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
Group									
At 31 December 2012									
Fixed rates									
Fixed deposits with licensed banks	18	3.28	42,004,587	-	-	-	-	-	42,004,587
Hire-purchase creditors	22	5.17	1,137,639	1,136,785	1,120,616	1,029,857	571,755	86,861	5,083,513
Floating rates									
Term loans	21	5.21	24,573,237	5,267,862	4,580,189	188,547	88,961	592,477	35,291,273
Revolving credit	21	5.10	400,000	-	-	-	-	-	400,000
Bank overdrafts	21	8.08	23,179,826	-	-	-	-	-	23,179,826

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

	On demand or 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
31 December 2013							
Group							
Financial liabilities							
Borrowings	101,452,235	7,205,536	2,337,086	24,644,877	397,374	568,274	136,605,382
Trade and other payables, net of deposits received	251,499,059	-	-	-	-	-	251,499,059
Company							
Financial liabilities							
Trade and other payables, net of deposits received	815,973	-	-	-	-	-	815,973
31 December 2012							
Group							
Financial liabilities							
Borrowings	50,216,108	6,991,436	5,946,418	1,307,916	708,281	775,663	65,945,822
Trade and other payables, net of deposits received	196,194,375	-	-	-	-	-	196,194,375
Company							
Financial liabilities							
Trade and other payables, net of deposits received	1,000,835	-	-	-	-	-	1,000,835

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iii) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are the Group's customers and licensed financial institutions. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to two (2) months for major customers. Other credit periods are assessed and approved on a case by case basis. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

Exposure to credit risk

At the end of each 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.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 16 to the financial statements.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	Group			
	2013	2012	2013	2012
	RM	% of total	RM	% of total
By industry sectors				
Property development	55,717,883	24%	21,198,633	16%
Construction	174,883,718	76%	109,911,272	84%
	230,601,601	100%	131,109,905	100%

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 16 to the financial statements. Deposits with banks and other financial institutions and short term funds that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16 to the financial statements.

(iv) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to market price risks arising from quoted investments and short term funds held by the Group and the Company. These quoted equity instruments in Malaysia are listed on Bursa Malaysia and short term funds are quoted. These instruments are classified as available-for-sale financial assets and financial assets designated at fair value through profit or loss respectively.



39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

- (iv) Market price risk (Cont'd)

Sensitivity analysis for market price risk

As the Group and Company neither has the intention, nor historical trend of active trading in quoted investments and the volatility of short term funds prices is considered low, the Directors are of the opinion that the Group is not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of the reporting period.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 6 March 2013, the Company announced that its wholly-owned subsidiary, Sinajasa 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. As at the end of the reporting period, the acquisition has yet to be completed.
- (b) At an extraordinary general meeting held on 28 June 2013, and shareholders of Gabungan AQRS Berhad approved the following:
- (i) bonus issue of 159,984,000 free warrants in the Company on the basis of nine (9) warrants for every twenty (20) existing ordinary shares of RM0.25 each in the Company held on an entitlement date, which was subsequently determined on 17 July 2013;
 - (ii) increase in the authorised share capital of the Company from RM100,000,000 to RM500,000,000; and
 - (iii) amendments to the Memorandum and Articles of Association of the Company.
- (c) On 25 July 2013, the Company announced that the issuance of 159,984,000 free warrants in Gabungan AQRS Berhad ('Free Warrants') on the basis of nine (9) warrants for every twenty (20) existing ordinary shares of RM0.25 each held on 17 July 2013 in Gabungan AQRS Berhad was completed. The Company had fixed the exercise price for the Free Warrants at RM1.30 each.

41. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 30 January 2014, the Company acquired the entire issued and paid up share capital of Gabungan AQRS Management Sdn. Bhd. ('GBGAM'), a company incorporated in Malaysia, for a total cash consideration of RM2. The acquisition did not have any material financial effect to the Group.

42. 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:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained earnings of the Company and its subsidiaries				
- Realised	186,453,393	143,184,595	7,086,811	2,656,675
- Unrealised	2,080,268	334,577	-	-
	188,533,661	143,519,172	7,086,811	2,656,675
Add: Consolidation adjustments	(81,875,757)	(73,029,270)	-	-
Total retained earnings	106,657,904	70,489,902	7,086,811	2,656,675

LIST OF PROPERTIES

109

GABUNGAN
AQRS BERHAD
2013 ANNUAL
REPORT



Land Title Details/ Location	Built-up Area (sq. ft.)	Land Area (hectares)	Description/ Existing Use	Tenure/ Age of Property	Date of Issuance of Amount Certificates of Fitness for Occupation	Audited Net Carrying as at 31.12.2013 (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	141,957
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	Leasehold (99 years expiring on 03.09.2107)/ Approximately 4 years	11.03.2008	2,172,565
H.S.(D) 247092 P.T No. 10901 G-59-G to G-59-2, Block G Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	5,094	-	1 unit of a 3-storey shophot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 4 years	11.03.2008	2,179,505
H.S.(D) 256293, Lot No. PT 47369 Sungai Buloh Petaling Jaya Selangor Darul Ehsan	-	1 .10	On-going development land	99 years leasehold tenure expiring on 13.05.2108	-	38,582,161
GM 556, Lot No. 504 Ulu Kelang, Gombak Selangor Darul Ehsan	-	3 .10	Completed residential 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" (inclusive of land for sold units)	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 .40	On-going development land/ On-going commercial development development project comprising 99 signature units of 3 & 4 storey office located in Iskandar Malaysia known as "Permas Centro" (inclusive of land for sold units)	99 years leasehold tenure expiring on 17.08.2109	-	6,597,424
H.S.(D) 108938 Lot No. PT 39568 Lestari Perdana, Mukim Petaling Daerah Petaling	-	31.23	On-going development / Proposed commercial development in Lestari Perdana, Mukim Petaling known as "Kinrara Uptown" (inclusive of land for sold units)	99 years leasehold tenure expiring on 04.09.2112	-	82,984,167

STATISTICS OF SHAREHOLDINGS



STATISTICS OF SHAREHOLDINGS

as at 25 April 2014
(as per Record of Depositors)

111

GABUNGAN
AQRS BERHAD
2013 ANNUAL
REPORT



Authorised Share Capital	:	RM500,000,000.00 divided into 2,000,000,000 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	7	132	*
100 to 1,000	161	112,300	0.03
1,001 to 10,000	397	2,178,476	0.61
10,001 to 100,000	260	7,586,000	2.13
100,001 to less than 5% of issued shares	72	151,113,900	42.51
5% and above of issued shares	5	194,529,192	54.72
Total	902	355,520,000	100.00

Note:-

* Negligible

SUBSTANTIAL SHAREHOLDERS according to the Register of Substantial Shareholders as at 25 April 2014

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	18.27	37,342,592 ⁽¹⁾	10.53 ⁽¹⁾
2.	Lim Ann Kok	47,437,100	13.38	-	-
3.	Ng Chun Kooi	37,342,592	10.53	64,778,900 ⁽²⁾	18.27 ⁽²⁾
4.	Ganjaran Gembira Sdn Bhd	30,000,000	8.46	-	-
5.	Meriah Binti Nasibi	20,871,600	5.89	-	-
6.	Shahrum Niza bin Yahya	20,165,800	5.69	-	-
7.	Bernard Lim Soon Chiang	18,480,000	5.21	-	-
8.	Ow Chee Cheoon	16,676,000	4.70	30,000,000 ⁽³⁾	8.46 ⁽³⁾
9.	Dato' Azizan bin Jaafar	200,000	0.06	30,000,000 ⁽³⁾	8.46 ⁽³⁾

Notes:-

⁽¹⁾ Deemed interested by virtue of Ng Chun Kooi, his brother's interest in the Company pursuant to Section 6A of the Act.

⁽²⁾ Deemed interested by virtue of Ng Chun Seong, his brother's interest in the Company pursuant to Section 6A of the Act.

⁽³⁾ Deemed interested by virtue of his shareholding in Ganjaran Gembira Sdn Bhd pursuant to Section 6A of the Act.

DIRECTORS' DIRECT AND DEEMED INTERESTS in the Company and/or its Related Corporations as at 25 April 2014

Name	← 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	37,342,592	10.53	64,778,900 ⁽¹⁾	18.27 ⁽¹⁾
Ow Chee Cheoon	16,676,000	4.70	30,000,000 ⁽²⁾	8.46 ⁽²⁾
Dato' Azizan bin Jaafar	200,000	0.06	30,000,000 ⁽²⁾	8.46 ⁽²⁾
Bernard Lim Soon Chiang	18,480,000	5.21	-	-
Badil Zaman bin Fazul Rahman	1,080,000	0.30	-	-
Meriah binti Nasibi	20,871,600	5.89	-	-
Loo Choo Hong	100,000	0.03	-	-
Muk Sai Tat	-	-	-	-

Notes:-

⁽¹⁾ Deemed interested by virtue of his brother's interest in the Company pursuant to Section 6A of the Act.

⁽²⁾ Deemed interested by virtue of his shareholding in Ganjaran Gembira Sdn Bhd pursuant to Section 6A of the Act.

STATISTICS OF SHAREHOLDINGS
as at 25 April 2014
(as per Record of Depositors)

TOP 30 SECURITIES ACCOUNT HOLDERS as per Record of Depositors as at 25 April 2014

No.	Name	No. of Issued Shares	% of Issued Shares
1.	Ng Chun Seong	64,778,900	18.27
2.	Lim Ann Kok	46,237,100	13.04
3.	Ng Chun Kooi	35,406,592	9.98
4.	Ganjaran Gembira Sdn Bhd	30,000,000	8.46
5.	Meriah Binti Nasibi	18,106,600	5.11
6.	Ng Kit Heng	16,815,500	4.74
7.	Shahrum Niza Bin Yahya	16,145,800	4.55
8.	Bernard Lim Soon Chiang	14,703,000	4.15
9.	Ow Chee Cheoon	12,076,000	3.41
10.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mok Sew Wah</i>	11,436,900	3.23
11.	Ng Keong Wee	11,000,000	3.10
12.	Lee Kuan Chen	8,000,000	2.26
13.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Wong Tze Leng (SMART)</i>	5,427,500	1.53
14.	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)</i>	4,524,400	1.28
15.	Shahrum Niza Bin Yahya	4,020,000	1.13
16.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Bernard Lim Soon Chiang (SMART)</i>	3,777,000	1.07
17.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Cheng Ting In (SMART)</i>	3,690,000	1.04
18.	Affin Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ow Chee Cheoon (OWC0008M)</i>	3,500,000	0.99
19.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Universal Trustee (Malaysia) Berhad for CIMB Islamic Small Cap Fund</i>	2,902,400	0.82
20.	Meriah Binti Nasibi	2,765,000	0.78
21.	Zainal Bin Ahmad	2,600,000	0.73
22.	Ng Chun Kooi	1,936,000	0.55
23.	Syarikat Muhibah Perniagaan Dan Pembinaan Sdn Bhd	1,712,400	0.48
24.	Tokio Marine Life Insurance Malaysia Bhd <i>As beneficial Owner (PF)</i>	1,650,000	0.47
25.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Rickoh Corporation Sdn Bhd (MY0507)</i>	1,500,000	0.42
26.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Koh Kin Lip (MY0502)</i>	1,300,000	0.37
27.	Lim Ann Kok	1,200,000	0.34
28.	Imaprima Sdn Bhd	1,200,000	0.34
29.	Ow Chee Cheoon	1,100,000	0.31
30.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Hooi Kiang</i>	990,000	0.28
Total		330,501,092	93.21

STATISTICS OF WARRANT HOLDINGS



STATISTICS OF WARRANT HOLDINGS

as at 25 April 2014
(as per Record of Warrant Holders)

Number of Warrants Issued	:	159,984,000 (pursuant to the Bonus Issue of free Warrants on the basis of nine (9) warrants for every twenty (20) existing ordinary shares held on entitlement date)
Number of Outstanding Warrants	:	159,984,000
Exercise Price per Warrant	:	RM1.30
Exercise Period of Warrants	:	Period of five (5) years expiring on 20 July 2018
Voting Rights	:	None unless warrant holders exercise their warrants for new ordinary shares

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	No. of Warrants Held	% of Issued Warrants
Less than 100	114	5,393	*
100 to 1,000	168	100,478	0.06
1,001 to 10,000	380	2,134,279	1.34
10,001 to 100,000	423	17,690,590	11.06
100,001 to less than 5% of issued warrants	169	110,902,755	69.32
5% and above of issued warrants	1	29,150,505	18.22
Total	1,255	159,984,000	100.00

Note:-

* Negligible

SUBSTANTIAL WARRANT HOLDERS according to the Register of Substantial Warrant Holders as at 25 April 2014

No.	Name	← Direct Interest →		← Deemed Interest →	
		No. of Issued Warrants	% of Issued Warrants	No. of Issued Warrants	% of Issued Warrants
1.	Ng Chun Seong	29,150,505	18.22	-	-
2.	Ng Chun Kooi	-	-	29,150,505 ⁽¹⁾	18.22 ⁽¹⁾

Note:-

⁽¹⁾ Deemed interested by virtue of Ng Chun Seong, his brother's interest in the Company pursuant to Section 6A of the Act.

DIRECTORS' WARRANT HOLDINGS as at 25 April 2014

Name	← Direct Interest →		← Deemed Interest →	
	No. of Issued Warrants	% of Issued Warrants	No. of Issued Warrants	% of Issued Warrants
Datuk Kamarudin bin Md. Ali	-	-	-	-
Ng Chun Kooi	-	-	29,150,505 ⁽¹⁾	18.22 ⁽¹⁾
Ow Chee Cheoon	-	-	-	-
Dato' Azizan bin Jaafar	90,000	0.06	-	-
Bernard Lim Soon Chiang	1,696,500	1.06	-	-
Badiil Zaman bin Fazul Rahman	225,000	0.14	-	-
Meriah binti Nasibi	4	*	-	-
Loo Choo Hong	-	-	-	-
Muk Sai Tat	-	-	-	-

Note:-

⁽¹⁾ Deemed interested by virtue of his brother's interest in the Company pursuant to Section 6A of the Act.

* Negligible

STATISTICS OF WARRANT HOLDINGS
as at 25 April 2014
(as per Record of Warrant Holders)

115

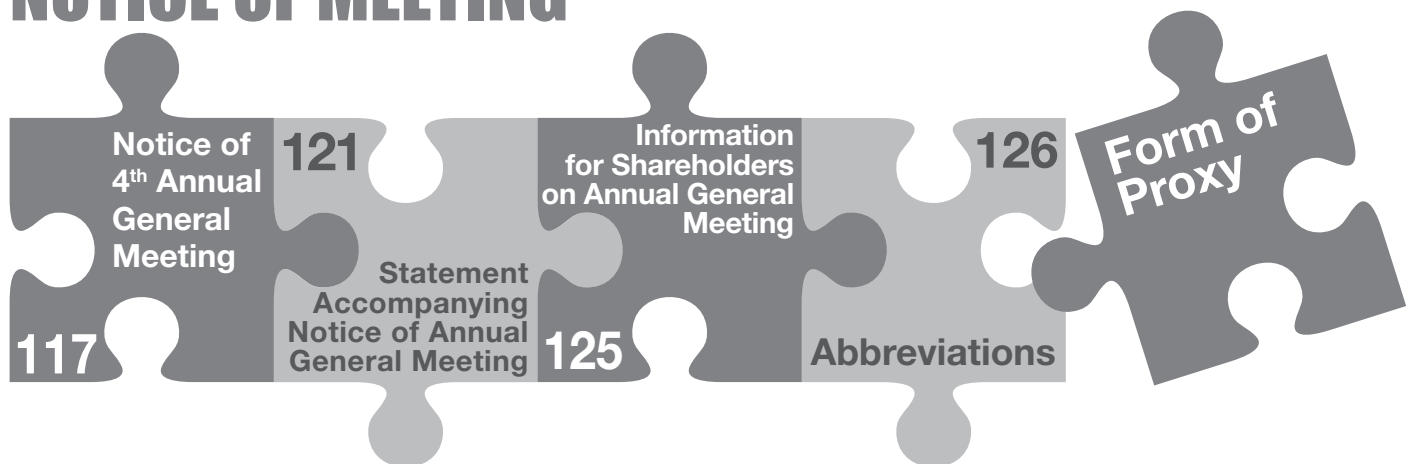
GABUNGAN
AQRS BERHAD
2013 ANNUAL
REPORT



TOP 30 WARRANT HOLDERS as per Record of Warrant Holders as at 25 April 2014

No.	Name	No. of Issued Warrants	% of Issued Warrants
1.	Ng Chun Seong	29,150,505	18.22
2.	Lim Ann Kok	6,033,700	3.77
3.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mok Sew Wah</i>	5,233,815	3.27
4.	Ng Keong Wee	4,950,000	3.09
5.	Lee Kuan Chen	4,624,800	2.89
6.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Sarojini a/p Sivanandam</i>	4,100,000	2.56
7.	HDM Nominees (Asing) Sdn Bhd <i>Lim & Tan Securities Pte Ltd for Lim Soon Ling</i>	3,645,400	2.28
8.	Ng Kit Heng	2,951,800	1.85
9.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Muruga Vadivale</i>	2,700,000	1.69
10.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account – AmBank (M) Berhad for Wong Tze Leng (SMART)</i>	2,446,875	1.53
11.	Maybank Nominees (Tempatan) Sdn Bhd <i>Etiqa Insurance Berhad (Growth Fund)</i>	2,240,000	1.40
12.	Baskaran a/l Govinda Nair	2,200,000	1.38
13.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lai Wai Ming (S Petaling-CL)</i>	2,111,000	1.32
14.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Liew Ah Onn</i>	1,911,400	1.19
15.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - AmBank (M) Berhad for Bernard Lim Soon Chiang (SMART)</i>	1,696,500	1.06
16.	Dan Yoke Pyng	1,681,800	1.05
17.	AMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account – Ambank (M) Berhad for Cheng Ting In (SMART)</i>	1,660,500	1.04
18.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for Credit Suisse (SG BR-TST-ASING)</i>	1,528,000	0.96
19.	SJ Sec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lai Wai Ming (SMT)</i>	1,521,500	0.95
20.	Guy Russel Gilbert	1,506,600	0.94
21.	Maybank Nominees (Tempatan) Sdn Bhd <i>Etiqa Insurance Berhad (Dana EKT Prima)</i>	1,300,000	0.81
22.	Maybank Nominees (Tempatan) Sdn Bhd <i>Etiqa Insurance Berhad (Balance Fund)</i>	1,300,000	0.81
23.	SJ Sec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Low Siew Moi (SMT)</i>	1,290,250	0.81
24.	UOBM Nominees (Asing) Sdn Bhd <i>United Overseas Bank Nominees (Pte) Ltd for Wisanggeni Lauw</i>	1,212,100	0.76
25.	Affin Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Phang Kwong Thin (PHA0148C)</i>	1,173,300	0.73
26.	Sivanandam a/l Narayanasamy	1,043,800	0.65
27.	Tong Hock Sen	1,039,500	0.65
28.	Syed Nagiff Bin Syed Mokhtar	1,029,800	0.64
29.	Lam Yee Foon	1,026,500	0.64
30.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Peter Ernest Shack</i>	1,021,000	0.64
Total		95,330,445	59.59

NOTICE OF MEETING



NOTICE OF 4TH ANNUAL GENERAL MEETING

117

GABUNGAN
AQRS BERHAD
2013 ANNUAL
REPORT



NOTICE IS HEREBY GIVEN THAT the 4th Annual General Meeting of the Company will be held at Banyan and Casuarina Rooms, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 26 June 2014 at 10.00 a.m. for the transaction of the following businesses:-

AGENDA

Ordinary Business

- 1 To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**
- 2 To approve the payment of final dividend of 1.91 sen per ordinary share of RM0.25 each in the Company under single-tier system in respect of the financial year ended 31 December 2013. **Resolution 1**
- 3 To re-elect the following Directors who retire by rotation in accordance with Article 95 of the Company's Articles of Association and who being eligible offer themselves for re-election:-
 - (i) Datuk Kamarudin bin Md. Ali **Resolution 2**
 - (ii) Mr Ow Chee Cheoon **Resolution 3**
 - (iii) Encik Badil Zaman bin Fazul Rahman **Resolution 4**
- 4 To re-appoint Mr Bernard Lim Soon Chiang who retires in accordance with Article 101 of the Company's Articles of Association and who being eligible offers himself for re-appointment. **Resolution 5**
- 5 To re-appoint BDO as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Board of Directors of the Company to determine their remuneration. **Resolution 6**
- 6 To approve the payment of Directors' fee amounting to RM336,000 in respect of the financial year ended 31 December 2013. **Resolution 7**
- 7 To approve the increase in Director's fee to RM96,000 per annum for the Audit Committee Chairman in respect of the financial year ending 31 December 2014. **Resolution 8**

Special Business

- 8 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 9**

"THAT subject always to the Companies Act, 1965 ("the Act"), 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 Act, 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."
- 9 To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution:-

Proposed Renewal of Authority for Share Buy-Back **Resolution 10**

"THAT subject to the Companies Act, 1965 ("the Act"), provisions of the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant regulatory authorities, the Company be and is hereby authorised to exercise a buy-back of its ordinary shares as determined by the Board from time to time through Bursa Securities upon such terms and conditions as the Board in their discretion deem fit and expedient in the interest of the Company ("Proposed Share Buy-Back") **PROVIDED THAT:-**

 - (i) the maximum number of ordinary shares which may be purchased or held by the Company shall be equivalent to 10% of the issued and paid-up share capital of the Company at the point of purchase;

NOTICE OF 4TH ANNUAL GENERAL MEETING

- (ii) the maximum amount of funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the retained profits and/or share premium account of the Company at the time of the purchase(s);
- (iii) the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-
 - a) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time it will lapse, unless the authority is renewed by a resolution passed at a general meeting, either unconditionally or subject to conditions; or
 - b) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities; and
- (iv) upon completion of the purchase(s) of its shares by the Company, the Board be and is hereby authorised to:-
 - a) cancel the shares so purchased; or
 - b) retain the shares so purchased as treasury shares, either to be distributed as dividends to the shareholders and/or resold on the market of Bursa Securities; or
 - c) retain part of the shares so purchased as treasury shares and cancel the remainder; or
 - d) deal in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the MMLR and any other relevant authority for the time being in force.

AND THAT the Board be and is hereby authorised to do all such acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as the Board may deem fit and expedient in the best interest of the Company.”

- 10 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.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 4th AGM, 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 the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors (“ROD”) as at 20 June 2014. Only a depositor whose name appears on the ROD as at 20 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the shareholders’ approval for the payment of final dividend of 1.91 sen per ordinary share of RM0.25 each in the Company under single-tier system in respect of the financial year ended 31 December 2013 (“Dividend”) under **Ordinary Resolution 1** at the 4th AGM of the Company, the Dividend will be paid to the shareholders on 23 July 2014. The entitlement date for the Dividend shall be 10 July 2014.

Shareholders of the Company will only be entitled to the Dividend in respect of:-

- (a) securities transferred into their securities account before 4.00 p.m. on 10 July 2014 for transfers; and
- (b) securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TONG SIUT MOI
MAICSA 7024173
Company Secretary

Selangor Darul Ehsan
4 June 2014



Notes:-

1. Proxy

- (1) A proxy may, but need not be a member of the Company. 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.
- (2) 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.
- (3) Subject to paragraphs (4) and (5) below, 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.
- (4) 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.
- (5) 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.
- (6) 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.
- (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 G-58-1, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

2. Audited Financial Statements for the financial year ended 31 December 2013

The Audited Financial Statements in Agenda 1 are meant for discussion purpose only, as the approval of the shareholders is not required pursuant to the provisions of Section 169(1) and (3) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders.

3. Re-election of Directors who retire by rotation in accordance with Article 95

Article 95 of the Articles of Association of the Company provides that one-third (1/3) of the Directors of the Company for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire by rotation at an AGM of the Company.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 4th AGM, the Nomination Committee had considered the followings:-

- the performance and contribution of each of the Directors based on their Self and Peer Assessment results;
- the assessment of the individual Director's level of contribution to the Board through each of their skills, experience and strength in qualities; and
- the level of independence demonstrated by the Non-Executive Chairman, and his ability to act in the best interest of the Company in decision-making, to ensure that the Non-Executive Chairman was independent of the Management and free from any business or other relationship which could materially interfere with the exercise of his independent judgment or the ability to act in the best interest of the Company.

The Board had approved the Nomination Committee's recommendation that the Directors who retire by rotation in accordance with Article 95 are eligible to stand for re-election. These retiring Directors had abstained from deliberations and decision on their own eligibility to stand for re-election at the relevant Nomination Committee and Board Meetings, where applicable. Their profiles are referred to in the Directors' Profile on pages 16 to 18 of this Annual Report.

NOTICE OF 4TH ANNUAL GENERAL MEETING

4. Re-Appointment of Auditors

The Board had at its meeting held on 24 April 2014 approved the recommendation by the Audit Committee on the re-appointment of BDO as Auditors of the Company, having considered several factors including the adequacy of experience and resources of the firm and the professional staff assigned to the audit.

5. Proposed Increase in Annual Director's Fee Payable to the Audit Committee Chairman

The proposed increase in annual Director's Fee payable to the Audit Committee Chairman to RM96,000 (financial year ended 31 December 2013 : RM84,000) is based on a comparative analysis of the remuneration of non-Executive Directors in public listed construction and property development companies in Malaysia, taking into account the responsibilities held and role played by the Audit Committee Chairman.

6. Abstention from Voting

Any Director referred to in **Ordinary Resolutions 2, 3, 4 and 5**, who is a shareholder of the Company will abstain from voting on the resolution in respect of his re-election or re-appointment at the 4th AGM.

All the non-Executive Directors who are shareholders of the Company will abstain from voting on **Ordinary Resolution 7** concerning the approval on payment of Directors' Fee in respect of the financial year ended 31 December 2013.

The Audit Committee Chairman, who is also a shareholder of the Company, will abstain from voting on **Ordinary Resolution 8** concerning the approval on increase in Director's Fee payable to the Audit Committee Chairman in respect of the financial year ending 31 December 2014.

7. Explanatory Notes on Special Business

Ordinary Resolution 9 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

The **Ordinary Resolution 9** proposed under agenda 8 above is a general mandate to be granted by the shareholders at the AGM for issuance of new ordinary shares pursuant to Section 132D of the Companies Act, 1965. As at the date of this notice, no new shares of the Company had been issued pursuant to the mandate granted to the Directors at the last AGM held on 28 June 2013, which will lapse at the conclusion of the forthcoming AGM.

The proposed **Ordinary Resolution 9**, 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 AGM of the Company.

The renewal of the general mandate, if approved, 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, additional 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.

Ordinary Resolution 10 - Proposed renewal of authority for Share Buy-Back

The **Ordinary Resolution 10** proposed under agenda 9, if passed, will empower the Board to exercise a buy-back of its ordinary shares up to ten per centum (10%) of the issued and paid-up share capital of the Company by utilising the funds allocated which shall not exceed the retained profits and/or share premium account of the Company. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company. The details of the proposal are set out in Section B of the Statement Accompanying Notice of AGM on pages 121 to 124 of this Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

121

GABUNGAN
AQRS BERHAD
2013 ANNUAL
REPORT



SECTION A

DETAILS OF INDIVIDUAL STANDING FOR ELECTION AS DIRECTOR

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Directors' Profile on pages 16 to 18 of this Annual Report and the details of their interests in the securities of the Company are disclosed on pages 36 and 37 of this Annual Report.

SECTION B

SHARE BUY-BACK STATEMENT

Take notice that:-

- **Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon the whole or any part of the contents of this Statement. You should rely on your own evaluation to assess the merits and risks of the Proposed Share Buy-Back (as defined herein).**
- **You are advised to read and consider the contents of this Statement before voting on the resolution pertaining to the proposed renewal of authority for share buy-back to be tabled at our forthcoming AGM.**

1. INTRODUCTION

At the Extraordinary General Meeting 1/2013 of the Company held on 28 June 2013, the Board had obtained mandates from the shareholders to enter into a share buy-back exercise of up to a maximum of ten per centum (10%) of its issued and paid-up share capital through Bursa Securities.

The shareholders' mandate shall expire at the conclusion of the Company's forthcoming AGM, unless authority for its renewal is obtained.

The Company had on 24 April 2014, announced its intention to seek shareholders' approval on the proposed renewal of authority for a share buy-back exercise of up to ten per centum (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") at its forthcoming AGM.

The purpose of this Statement is to provide you with details pertaining to the Proposed Share Buy-Back and to seek your approval for the resolution in relation thereto to be tabled at the forthcoming AGM of the Company to be convened and held at Banyan and Casuarina Rooms, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 26 June 2014 at 10.00 a.m.

2. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is subject to compliance with Section 67A of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the Proposed Share Buy-Back ("Prevailing Laws").

2.1.1 Quantum

The Board proposes to seek approval from the shareholders for the renewal of the authority for a share buy-back exercise of up to ten per centum (10%) of the issued and paid-up share capital of the Company at any point of time, on Bursa Securities through its appointed stockbrokers.

**STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING**
(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

2. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (CONT'D)

2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK (CONT'D)

2.1.1 Quantum (Cont'd)

The actual number of ordinary shares of RM0.25 each in the Company ("GBGAQRS Shares") to be purchased, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on the market conditions and sentiments of the stock market, the available financial resources of the Group and the amount of retained profits and share premium of the Company.

The maximum funds to be utilised for the purchase of GBGAQRS Shares shall not exceed the level of retained profits and share premium of the Company. Based on the Company's audited accounts for the FYE 2013, the Company's retained profits and share premium are as follows:-

	As at 31 December 2013
	RM '000
Retained Profits	7,086,811
Share Premium	56,040,571
	63,127,382

Accordingly, the Directors shall allocate an amount of funds which will not be more than the aggregate sum of the retained profits and share premium of the Company in respect of any purchase of GBGAQRS Shares pursuant to the Proposed Share Buy-Back.

2.1.2 Source of funds

The Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own ordinary shares at any time within the prescribed time period using the funds of the Group and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the availability of internally generated funds, the actual number of GBGAQRS Shares to be purchased, the anticipated future cash flows of the Group and other cost factors.

2.1.3 Implications relating to the Malaysian Code on Take-Overs and Mergers, 2010 ("Code")

In the event that the Proposed Share Buy-Back results in any Substantial Shareholder holding more than 33% of the voting shares of the Company, pursuant to the Code, the affected Substantial Shareholder will be obligated to make a mandatory offer for the remaining GBGAQRS Shares not already held by him.

In the event that the Proposed Share Buy-Back results in the shareholding of any Substantial Shareholder who holds more than 33% of the voting shares of the Company increasing by more than 2% in any six (6) months period, pursuant to the Code, the affected Substantial Shareholder will be obligated to make a mandatory offer for the remaining GBGAQRS Shares not already held by him.

However, a waiver may be granted by the SC under Practice Note 2.9.10 of the Code, subject to the affected Substantial Shareholder complying with certain conditions, if the obligation was triggered as a result of action outside the affected Substantial Shareholder's direct participation.

2.1.4 Risk factor

The Proposed Share Buy-Back, if implemented, will reduce the financial resources of the Group. This may result in the Group having to forego future investment opportunities and/or any income that may be derived from the deposit of such funds in interest bearing instruments. It may also result in a reduction of financial resources available for distribution in the form of cash dividends to shareholders of the Group. There is no material impact on the cash flow of the Company.

2.1.5 Purchases made during the FYE 2013

The details of the GBGAQRS Shares bought back by the Company during the FYE 2013 are as shown in paragraph 2 of the Additional Compliance Information on page 25 of this Annual Report.

The said GBGAQRS Shares bought back during the FYE 2013 have all been retained as treasury shares and were not re-sold. The Company did not cancel any treasury share in the same period.

**STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING**
(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

123

GABUNGAN
AQRS BERHAD
2013 ANNUAL
REPORT



2. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (CONT'D)

2.2 RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back is to grant the Company with another option of utilising its financial resources more efficiently. The Proposed Share Buy-Back is expected to stabilise the supply and demand of GBGAQRS Shares as well as the price of GBGAQRS Shares.

All things being equal, the Proposed Share Buy-Back, whether the GBGAQRS Shares to be purchased are maintained as treasury shares or cancelled, will result in a lower number of GBGAQRS Shares being used for the purpose of computing EPS. Therefore, the Proposed Share Buy-Back will improve the EPS of the Company which in turn is expected to have a positive impact on the market price of GBGAQRS Shares.

The Company may also retain the GBGAQRS Shares that have been purchased pursuant to the Proposed Share Buy-Back ("Purchased Shares") as treasury shares with the intention to realise potential gains from the re-sale of treasury shares and/or to reward its shareholders through the distribution of the treasury shares as dividends.

2.3 EFFECTS OF THE PROPOSED SHARE BUY-BACK

2.3.1 Issued and paid-up share capital

The effect of the Proposed Share Buy-Back on the issued and paid-up share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

The Proposed Share Buy-Back will result in a reduction of the issued and paid-up share capital of the Company if the Purchased Shares are cancelled. However, the Proposed Share Buy-Back will not have any effect on the issued and paid-up share capital of the Company if all the Purchased Shares are to be retained as treasury shares and re-sold or distributed to its shareholders.

Based on the assumption that the GBGAQRS Shares to be purchased will be retained as treasury shares, the Proposed Share Buy-Back will not have any effect on the issued and paid-up share capital of the Company.

2.3.2 Net assets ("NA") and working capital

If all the Purchased Shares are cancelled, the Proposed Share Buy-Back would reduce the consolidated NA per share of the Group when the purchase price exceeds the NA per share at the time of purchase, and vice-versa.

The Proposed Share Buy-Back is likely to reduce the NA per GBGAQRS Share and will reduce the working capital of the Group, the quantum of which depends on the purchase price of the GBGAQRS Shares at the time of the purchase.

Where the Directors resolve to retain the Purchased Shares as treasury shares, the Directors may distribute the treasury shares as share dividends to the Company's shareholders and/or re-sell the treasury shares on Bursa Securities and utilise the proceeds for any feasible investment opportunity arising in the future, or as working capital.

2.3.3 Earnings

The effect of the Proposed Share Buy-Back on the EPS of the Group for the financial year ending 31 December 2014 will depend on the effective funding cost to the Group to finance the purchase of GBGAQRS Shares or any loss in interest income to the Company. Assuming that the Purchased Shares are retained as treasury shares, the effects on the earnings of the Group will depend on the actual selling price, the number of treasury shares re-sold and the effective gain or interest savings arising from the exercise.

2.3.4 Dividend

For FYE 2012, a final single-tier dividend of 1.56 sen per GBGAQRS Share was paid on 29 July 2013.

In respect of the FYE 2013, the Board has proposed a final single-tier dividend of 1.91 sen per GBGAQRS Share subject to shareholders' approval at the forthcoming AGM. The dividend to be declared by the Company in respect of the financial year ending 31 December 2014 would depend on, amongst others, the profitability and cash flow position of the Group.

Assuming that the Proposed Share Buy-Back is implemented, dividends would be paid on the remaining issued and paid-up share capital of the Company (excluding the Purchased Shares). The Proposed Share Buy-Back may have an impact on the Company's dividend policy for the financial year ending 31 December 2014 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to the shareholders, if the Company so decides.

**STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING**
(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

2. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (CONT'D)

2.3 EFFECTS OF THE PROPOSED SHARE BUY-BACK (CONT'D)

2.3.5 Directors' and Substantial Shareholders' shareholdings

Based on the Register of Substantial Shareholders and Directors' Shareholdings as at 16 May 2014 (hereinafter referred to as "LPD", being the latest practicable date before the printing of this Annual Report), and assuming the Proposed Share Buy-Back is implemented in full (i.e. up to 10% of the issued and paid-up capital) and that the Purchased Shares are from shareholders other than the Directors and Substantial Shareholders, the effects of the Proposed Share Buy-Back on the shareholdings of the existing Directors and Substantial Shareholders of the Company by virtue of Section 67A of the Act are as follows:-

	As at LPD				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of GBGAQRS Shares Held	%	No. of GBGAQRS Shares Held	%	No. of GBGAQRS Shares Held	%	No. of GBGAQRS Shares Held	%
Directors								
Datuk Kamarudin bin Md. Ali	-	-	-	-	-	-	-	-
Ng Chun Kooi	37,342,592	10.53	64,778,900 ⁽¹⁾	18.27	37,342,592	11.67	64,778,900 ⁽¹⁾	20.25
Ow Chee Cheoon	16,676,000	4.70	30,000,000 ⁽²⁾	8.46	16,676,000	5.21	30,000,000 ⁽²⁾	9.38
Dato' Azizan bin Jaafar	200,000	0.06	30,000,000 ⁽²⁾	8.46	200,000	0.06	30,000,000 ⁽²⁾	9.38
Bernard Lim Soon Chiang	18,480,000	5.21	-	-	18,480,000	5.78	-	-
Badil Zaman bin Fazul Rahman	1,080,000	0.30	-	-	1,080,000	0.34	-	-
Meriah binti Nasibi	20,871,600	5.89	-	-	20,871,600	6.52	-	-
Loo Choo Hong	100,000	0.03	-	-	100,000	0.03	-	-
Muk Sai Tat	-	-	-	-	-	-	-	-
Substantial Shareholders								
Ng Chun Seong	64,778,900	18.27	37,342,592 ⁽³⁾	10.53	64,778,900	20.25	37,342,592 ⁽³⁾	11.67
Lim Ann Kok	47,437,100	13.38	-	-	47,437,100	14.83	-	-
Ng Chun Kooi	37,342,592	10.53	64,778,900 ⁽¹⁾	18.27	37,342,592	11.67	64,778,900 ⁽¹⁾	20.25
Ganjaran Gembira Sdn Bhd	30,000,000	8.46	-	-	30,000,000	9.38	-	-
Meriah binti Nasibi	20,871,600	5.89	-	-	20,871,600	6.52	-	-
Shahrum Niza bin Yahya	20,165,800	5.69	-	-	20,165,800	6.30	-	-
Bernard Lim Soon Chiang	18,480,000	5.21	-	-	18,480,000	5.78	-	-
Ow Chee Cheoon	16,676,000	4.70	30,000,000 ⁽²⁾	8.46	16,676,000	5.21	30,000,000 ⁽²⁾	9.38
Dato' Azizan bin Jaafar	200,000	0.06	30,000,000 ⁽²⁾	8.46	200,000	0.06	30,000,000 ⁽²⁾	9.38

Notes :-

⁽¹⁾ Deemed interested via the shareholding of his brother, Mr Ng Chun Seong

⁽²⁾ Deemed interested via his shareholding in Ganjaran Gembira Sdn Bhd

⁽³⁾ Deemed interested via the shareholding of his brother, Mr Ng Chun Kooi

2.4 PUBLIC SHAREHOLDING SPREAD

The Proposed Share Buy-Back will be carried out in accordance with the Prevailing Laws at the time of the purchase including compliance with the 25% public shareholding spread as required by the MMLR.

The public shareholding of the Company as at the LPD is 27.20%.

3. DIRECTORS' STATEMENT AND RECOMMENDATION

The Directors are of the opinion that the Proposed Share Buy-Back is in the best interest of the Company. As such, the Directors recommend that the shareholders vote in favour of the resolution for the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

INFORMATION FOR SHAREHOLDERS

on Annual General Meeting

125

GABUNGAN
AQRS BERHAD
2013 ANNUAL
REPORT



The 4th AGM will be held at Banyan and Casuarina Rooms, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 26 June 2014 at 10.00 a.m.

Details of the 4th AGM are set out in the Notice of 4th AGM in the 2013 Annual Report together with a Form of Proxy. They are also available on Bursa Securities' website, www.bursamalaysia.com.

The Company has requested Bursa Malaysia Depository Sdn Bhd in accordance with Article 68(ii) of the AA and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting ROD as at 20 June 2014, for the purpose of determining the members who shall be entitled to attend the 4th AGM. Only a depositor whose name appears on the ROD as at 20 June 2014 shall be entitled to attend the 4th AGM or appoint proxies to attend and/or vote on his/her behalf.

ABBREVIATIONS

AA	Articles of Association of the Company
AC	Audit Committee
ACCA	Association of Chartered Certified Accountants
AGM	Annual General Meeting
AQRS	AQRS The Building Company Sdn Bhd
Act	Companies Act, 1965, as amended from time to time and any re-enactment thereof
Board	Board of Directors
Bursa Securities	Bursa Malaysia Securities Berhad
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG Code	Malaysian Code on Corporate Governance, 2012
Code	Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
Company	Gabungan AQRS Berhad
ED/EDs	Executive Director or its plural
EPS	Earnings per share
FYE 2012	Financial year ended 31 December 2012
FYE 2013	Financial year ended 31 December 2013
GDV	Gross development value
GBGAQRS Share(s)	Ordinary share(s) of RM0.25 each in the Company
Gabungan Strategik	Gabungan Strategik Sdn Bhd
Group	Gabungan AQRS Berhad and its group of companies
INED/INEDs	Independent and Non-Executive Director or its plural
KVMRT	Klang Valley My Rapid Transit
Kreatif Sinar Gabungan	Kreatif Sinar Gabungan Sdn Bhd
LPD	16 May 2014, being the latest practicable date before the printing of this Annual Report
M&E	Mechanical and engineering
MIA	Malaysian Institute of Accountants
MMLR	Main Market Listing Requirements of Bursa Securities including any amendment(s) thereto which may be made from time to time
Motibina	Motibina Sdn Bhd
NA	Net assets
NC	Nomination Committee
NED/NEDs	Non-Executive Director or its plural
Prevailing Laws	Any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the Proposed Share Buy-Back
Proposed Share Buy-Back	Proposed renewal of authority for a share buy-back exercise of up to ten per centum (10%) of the issued and paid-up share capital of the Company
Purchased Shares	GBGAQRS Shares that have been purchased by the Company pursuant to the Proposed Share Buy-Back
RC	Remuneration Committee
RM and sen	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
RMC	Risk Management Committee
ROD	Record of Depositors
SC	Securities Commission
SICDA	Securities Industry (Central Depositories) Act, 1991
SMPP	Syarikat Muhibah Perniagaan dan Pembinaan Sdn Bhd
ToR	Terms of Reference



GABUNGAN AQRs BERHAD
(912527-A)

FORM OF PROXY

Number of shares held	
CDS account no.	

*I/WeCompany 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 4th AGM of the Company to be held at Banyan and Casuarina Rooms, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 26 June 2014 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of 4th 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 2013 and Reports of Directors and Auditors thereon		
Resolution 1	To declare Final Single Tier Dividend		
Resolution 2	To re-elect Datuk Kamarudin bin Md. Ali as Director (Article 95)		
Resolution 3	To re-elect Mr Ow Chee Cheoon as Director (Article 95)		
Resolution 4	To re-elect Encik Badil Zaman bin Fazul Rahman as Director (Article 95)		
Resolution 5	To re-appoint Mr Bernard Lim Soon Chiang as Director (Article 101)		
Resolution 6	To re-appoint BDO as auditors of the Company and to authorise the Board of Directors to determine their remuneration		
Resolution 7	To approve payment of Directors' fee for financial year ended 31 December 2013		
Resolution 8	To approve increase in Director's fee for Audit Committee Chairman for financial year ending 31 December 2014		
Special Business			
Resolution 9	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 10	Proposed renewal of authority for Share Buy-Back		

(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 2014

.....
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		
Total		100%

NOTES:-

- Applicable to shares held through a nominee account.
- A proxy may, but need not be a member of the Company. 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.
- 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.
- Subject to paragraphs (5) and (6) below, 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.
- 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 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 G-58-1, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, 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 4th 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 Record of Depositors ("ROD") as at 20 June 2014. Only a depositor whose name appears on the ROD as at 20 June 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

* Delete if not applicable

Fold Here

Fold Here

AFFIX
STAMP

The Company Secretary

Gabungan AQRS Berhad (912527-A)

G-58-1, Blok G
Jalan Teknologi 3/9
Bistari 'De' Kota
Kota Damansara, PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan

Fold Here



GABUNGAN AQRs BERHAD
(912527-A)

G-58-1, Blok G, Jalan Teknologi 3/9,
Bistari 'De' Kota,
Kota Damansara, PJU 5,
47810 Petaling Jaya,
Selangor Darul Ehsan.

Tel : 603 - 6141 8870

Fax : 603 - 6141 8871

Email : enquiries@gaqrs.com.my

Website : www.gaqrs.com.my