ANNUAL REPORT 2015

BUILT GREAT

GOOD • BETTER • GREAT

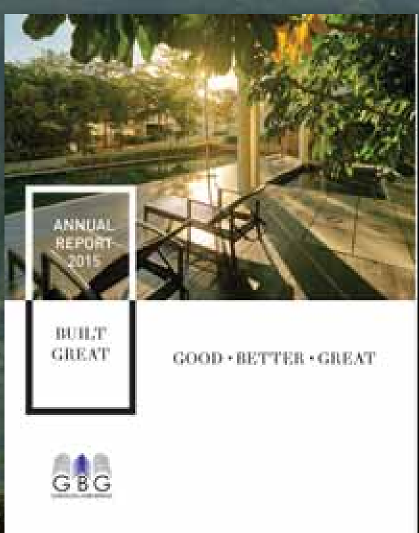
GABUNGAN AQRS BERHAD

Contents

About Us

Financial Highlights

From The Board Of Directors



Cover Rationale

The theme of the cover design is **'Built Great'** as Gabungan AQRS Berhad's excellent track record paves the way towards this aspiration. With building construction and civil engineering as our forte, we have created numerous impressive buildings and over the years, we have earned the respect of our industry. One of our greatest accomplishments, Contours @ Melawati Heights, is depicted on the cover to showcase our vision and creation

Cover Photo : Residents' Clubhouse at Contours @ Melawati Heights.
Inner Cover Photo : Impeccable view of Bukit Tabur, the longest quartz ridge in the world, from Contours.

Governance

Financial Reports

Additional Information

GBG

From **Good** *to* **Better.** *Now going to be* **Great**

Our Purpose

We believe that by exploring new frontiers in construction & development, we deliver a better tomorrow. In the process, we capture and maintain market leadership and ultimately deliver value to all our stakeholders.

Our Vision

At GBG, we envision a world where infrastructure and property are **Built Great**

Our Mission

We will build great by:

- Always challenging existing conventions, be it in design, building, quality, craft or value;
- Inculcating a learning organisation to drive innovation;
- Cultivating a collaborative network of industry partners and thought leaders to create extraordinary products;
- And establishing a performance driven culture with emphasis on pride in work well done, inclusiveness, diversity and reward to attract the industry's best and brightest talent.

Our Values

We will be guided by these values and behaviour:

We are focused on delivering
EXTRAORDINARY PRODUCTS

Using the considerable talents and wealth of experience we have in construction, we are **persistent** about pursuing better standards in quality to deliver an extraordinary product, on time and within budget.

We will go beyond expectations in design, product development, customer service and sales, to ensure our stakeholders continue to want to do business with us.

We are committed to providing
EXCEPTIONAL VALUE.

We will continuously **challenge the norm,** looking for every opportunity to give more value to our employees, business partners, customers and shareholders.

We are in for the long-term; our aim is to leave a legacy that generations benefit from.

We aim to nurture and grow
EMPOWERED COMMUNITIES.

We are cognizant of our responsibility to the communities in which we operate. We commit to creating a **collaborative, respectful and nurturing** work environment, and be active, contributing citizens in the communities in which we operate.

We ensure the continued success and sustainability of our people, our clients and partners, their businesses and brands.

Our Promise to all our Stakeholders

Always challenging the status quo.

Corporate Profile

GBG envisions a world where infrastructure and property are **Built Great**.

It aims to build great with four key strategies – always challenging existing conventions, be it in in design, building, quality, craft or value; inculcating a learning organisation to drive innovation; cultivating a collaborative network of industry partners and thought leaders to create extraordinary products, and establishing a performance driven culture with emphasis on pride in work well done, inclusiveness, diversity and reward to attract the industry's best and brightest talent.

Four good companies merging to be better

The company has its roots in the amalgamation of four successful businesses – three construction and engineering companies: Motibina Sdn Bhd ("Motibina"), Gabungan Strategik Sdn Bhd ("Gabungan Strategik") and Pembinaan Megah Ikhlas Sdn Bhd, as well as AQRS The Building Company Sdn Bhd ("AQRS"), a property developer. Each a good, strong company with a reputable brand.

The four companies merged in 2010 to become Gabungan AQRS Berhad, with twin, synergistic engines of growth – integrated construction and property development. The merger combined the considerable talents and strong track record of the four companies, helmed by a leadership team with vast experience and complementary strengths.

In 2012, Gabungan AQRS Berhad listed on the Main Board of Bursa Malaysia, using the listing code GBGAQRS. The listing cemented GBG's strong financial standing and gave it the leverage it needed to participate more actively in capacity building for the country, and to grow and expand its property development business.

It aims to nurture and grow empowered communities; by creating a collaborative, respectful and nurturing work environment, and being active, contributing citizens in the communities in which it operates. It strives to ensure the continued success and sustainability of its people, clients and partners, their businesses and brands.

Values that drive growth

GBG has considerable talents and a wealth of experience across a broad range of infrastructure products. It is persistent about pursuing better standards in quality to deliver extraordinary products, on time and within budget.

It is committed to providing exceptional value to its employees, business partners, customers and shareholders by always challenging the norm and going beyond expectations in design, product development, customer service and sales.

GBG is in for the long-term; their aim is to leave a legacy that generations benefit from.

Since 2012, the Company has systematically worked to acquire a strong pipeline of construction projects, growing its landbank for property development and exploring collaborative partnerships to develop property products that promise to capture the market's attention and imagination.

Today, the evolution of four individual businesses to one strong group has resulted in a strong company, poised to embark on a new phase of growth.

GBG Berhad. From Good to Better. Now going to be Great.

Corporate Information

BOARD OF DIRECTORS

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

Ng Chun Kooi
Executive Director and Deputy Chairman

Dato' Azizan bin Jaafar
Executive Director and Chief Executive Officer

Ow Chee Cheoon
Executive Director and Deputy Chief Executive Officer

Bernard Lim Soon Chiang
Executive Director and Chief Financial Officer

Datuk Badil Zaman bin Fazul Rahman
Executive Director

Lam Vun Chiang
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 (Member)
Muk Sai Tat (Member)

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Muk Sai Tat (Chairman)
Ng Chun Kooi (Member)
Dato' Azizan bin Jaafar (Member)
Bernard Lim Soon Chiang (Member)

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

<u>Shares</u>
Stock Name : GBGAQRS
Stock Code : 5226

<u>Warrants</u>
Stock Name : GBGAQRS-WA
Stock Code : 5226WA

SECRETARY

Tong Siut Moi (MAICSA 7024173)

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone no. : 603 - 2783 9299
Facsimile no. : 603 - 2783 9222

REGISTERED OFFICE

H-73-1, Blok H
Jalan Teknologi 3/9
Bistari 'De' Kota
Kota Damansara, PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan
Telephone no. : 603 - 6141 8870
Facsimile no. : 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
Telephone no. : 603 - 6141 8870
Facsimile no. : 603 - 6141 8871
Email : enquiries@gbg.com.my
Website : www.gbg.com.my

AUDITORS

BDO (AF 0206)
Chartered Accountants
Level 8, BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur
Telephone no. : 603 - 2616 2888
Facsimile no. : 603 - 2616 3190/ 603 - 2616 3191

PRINCIPAL BANKERS

AFFIN Bank Berhad
United Overseas Bank (Malaysia) Bhd

Group Corporate Structure

GABUNGAN AQRS BERHAD

CONSTRUCTION

- 100% Gabungan Strategik Sdn. Bhd
- 100% Motibina Sdn Bhd
- 100% Pembinaan Megah Ikhlas Sdn Bhd
- 100% Sinajasa Sdn Bhd
  - 49% SEDCO Precast Sdn Bhd

PROPERTY DEVELOPMENT

- 100% AQRS The Building Company Sdn Bhd
  - 100% Bright Reach Sdn Bhd
    - 100% Crystal Aspect Sdn Bhd
  - 100% Grand Meridian Development Sdn Bhd
  - 100% Nusvista Development Sdn Bhd
- 100% GBG Properties (Sabah) Sdn Bhd
- 52% Prestige Field Development Sdn Bhd
  - 100% Estet Etos Sdn Bhd

- 100% Gabungan AQRS Capital Sdn Bhd
- 100% Gabungan AQRS Management Sdn Bhd
- 100% Gabungan AQRS Properties Sdn Bhd
- 100% Broad Virtual Sdn Bhd
- 90% Trusvest Sdn Bhd
- 30% Kreatif Sinar Gabungan Sdn Bhd

Financial Highlights

Summarized Statements of Comprehensive Income For The Financial Year Ended 31 December (RM'000)	2015	2014
REVENUE	272,511	534,163
(LOSS)/PROFIT BEFORE TAX	(7,874)	106,256
EBITDA	13,622	116,243
NET (LOSS)/PROFIT Attritutable to Equity Holders	(9,666)	52,948

Statements of Financial Position As At 31 December (RM'000)	2015	2014
Total Non-Current Assets	192,555	152,956
Total Current Assets	775,978	682,739
Total Assets	**968,533**	**835,695**
Share Capital	97,730	97,730
Reserves	223,460	235,373
Shareholder's Equity	321,190	333,103
Non-controlling interests	1,242	7,752
Total Equity	322,432	340,855
Total Non-Current Liabilities	84,421	16,199
Total Current Liabilities	561,680	478,641
Total Equity and Liabilities	**968,533**	**835,695**

Summarised Statements of Cash Flows For the Financial Year Ended 31 December (RM'000)	2015	2014
Operating Profit Before Working Capital Changes	13,392	116,008
Net Cash Flows (Used in)/From in Operating Activities	(67,913)	3,198
Net Cash Flows Used in Investing Activities	(48,741)	(57,813)
Net Cash Flows From/(Used in) Financing Activities	137,504	(535)
Net Increase/(Decrease) in Cash and Cash Equivalents	20,850	(55,150)
Cash and Cash Equivalents at Beginning of Year	(85,660)	(30,510)
Cash and Cash Equivalents at End of Year	(64,810)	(85,660)

Financial Analysis	2015	2014
EBITDA Margin	5.00%	21.76%
Profit Before Tax Margin	-2.89%	19.89%
Net Profit Margin	-3.55%	9.91%
Free Cash Flow (RM'000)	(77,708)	(51,623)
Returns on Average Shareholders Equity (ROE)	-3.0%	18.1%
Returns on Average Total Assets (ROA)	-1.1%	7.1%
(Loss)/Earnings Per Share (sen)*	(2.49)	14.41
Net Dividends Per Share (sen)	-	1.25
Payout Ratio	-	9.1%
Cash and Bank Balances (RM'000)	42,385	46,847
Total Borrowings (RM'000)	293,888	173,406
Net Gearing (x)	0.44	0.27

* Based on weighted average number of ordinary shares in issue

Chairman's Statement

Dear Shareholders,

As the Chairman of the Board of Directors ("Board") of Gabungan AQRS Berhad ("GBGAQRS" or "Company"), it is my pleasure to present our Annual Report and the Audited Financial Statements for the financial year ended 31 December 2015 ("FYE 2015"). It has been a challenging year for the Malaysian economy and the property sector in particular which saw dampening consumer demand, due to the implementation of the Goods and Services Tax ("GST") as well as subsidy removal, in addition to a devalued Ringgit. Subsequently, consumer spending has become more cautious and measured which has led to a slowdown in all retail related industries.

Additionally, the large number of projects that were completed during the year inflated the supply of property assets available, further softening demand in the sector. Lower oil prices also heavily contributed to diverging prospects for oil exporting and importing countries, which particularly affected the domestic economy in 2015.

Globally, the economic climate in FYE 2015 continued to be sluggish. However, as domestic headwinds ease in developing countries and the recovery in high-income countries strengthens, global economic recovery is projected to accelerate on the back of gradually recovering labour markets, ebbing fiscal consolidation and still low financing costs.

Datuk Kamarudin bin Md. Ali
Independent Non-Executive Chairman

Chairman's Statement

(Cont'd)

1. Bird's eye view of The Peak service apartment looking towards Singapore.

GBGAQRS faced a number of challenges over the period under review primarily due to one-off exceptional losses recorded during FYE 2015 which are detailed in the following sub-section of this statement. GBGAQRS and its group of companies' ("Group") fundamentals have stood us in good stead however, as revenue has been steadily increasing in the consecutive financial quarters ensuring a speedy return to profitability.

Key Financial Highlights

It has indeed been an eventful year for GBGAQRS as the Group encountered unexpected complications with two of our ongoing projects in the third quarter of FYE 2015. Firstly, the construction works for our *Tropicana Metropark-Paloma* project encountered issues with the piling works. As a safety measure, the Group decided to fully provide for the losses while at the same time working on ways to pursue an effective recovery from these losses, involving sub-contractors for the project.

In the same quarter, GBGAQRS also announced the termination of the proposed acquisition of a piece of industrial land located at Sungai Lalang, Daerah Ulu Langat, in Semenyih, as we believe there has been a breach of obligations by the vendor. For the time being therefore, the Group has written off all pre-development expenses invested in this land, which has further added to the losses recorded under the period in question. We are currently in negotiations with the relevant parties concerned. If there is no resolution, we will consider taking legal action to remedy the situation and recoup the losses incurred.

Consequently, despite improved financial performance in the 4^{th} quarter of FYE 2015, the Group registered a revenue of RM272.51 million for the year as compared to RM534.16 million in the preceding corresponding financial year. As a result, the Group recorded a loss after tax of RM16.18 million in comparison to the profit after tax of RM73.30 million recorded in the financial year ended 31 December 2014 ("FYE 2014").

On the property development front, demand has been sluggish post-implementation of GST in April 2015. Further exacerbating the situation, the implementation of stricter mortgage loan policies by financial institutions resulted in a number of property buyers failing to secure end-financing for their purchases and who thus were forced to opt for a sale cancellation. According to a report published by Malaysia's Real Estate and Housing Developers Association (REHDA), loan rejection rates in the country have reached as high as 70%.

Chairman's Statement

(Cont'd)

2. The Peak- a freehold service apt strategically located in Iskandar Malaysia Flagship A.

Despite these minor hurdles, the Group's financial performance is modestly getting back on track, as attested to by the increased revenue contributions in the 4th quarter of FYE 2015 as compared to the preceding year's corresponding quarter. Ultimately, as the losses incurred in FYE 2015 are one-off in nature, the Board is optimistic that the Group will once again achieve cash flow liquidity as well as stable profitability as we proceed to move towards improving our balance sheet. GBGAQRS's prospects remain positive due to a number of different projects we have in the pipeline over the medium term like the *One Jesselton Waterfront* project in Kota Kinabalu, Sabah as well as construction works for Pusat Pentadbiran Sultan Ahmad Shah (PPSAS) in Kuantan, both of which are expected to contribute to the Group's future financial viability.

3. The Peak- exclusive sense of arrival with a wide & welcoming pick - up & drop - off area.

Dividend

GBGAQRS has not paid out any dividends for this financial year. However, we remain committed to returning to the Group's established dividend policy of paying out up to 25% of annual profit after taxation to the equity holders of the Company. Our ability to declare dividends as well as to make other distributions to our shareholders however is subject to the status of our financial balance sheet. Value creation as we pursue recovery is a key priority for the Group, and we are mindful of the expectations of our shareholders. Nevertheless, while we are committed to rewarding our shareholders appropriately, the Board proposes to only consider paying out dividends when GBGAQRS begins showing profits once again.

Outlook for 2016

Looking ahead to the year to come, Malaysia is projected to achieve a more moderate Gross Domestic Product (GDP) rate of 4-4.5%. Overall, the property market is expected to continue to perform sluggishly. However, this is seen to be only temporary with confidence expected to return to the sector over time. The construction sector should meanwhile

4. The Peak- view of guardhouse and its multi - tier security system for peace of mind.

Chairman's Statement

(Cont'd)

perform moderately in the short term. Nonetheless, it is important to note that there are a number of large government projects in the pipeline. Therefore, demand from this industry should remain stable. The total value of government's development budget for 2016 was announced at RM52.0 billion with sizable allotments toward rural development and urban public transport initiatives, which are two of the National Key Result Areas (NKRAs) under the Government Transformation Programme (GTP) 3.0 which runs from years 2015 to 2020. In the short to medium term, these include projects like the RM5.0 billion Malaysian Vision Valley; the RM11.0 billion Cyber City Centre and the RM16.6 billion toll-free Pan Borneo Highway, which we believe will help sustain the sector.

Amidst this climate of uncertainty, GBGAQRS's prospects for the year remain positive as the Group is ideally placed to take advantage of opportunities to grow the mature asset management division. A good example of this is our *One Jesselton Waterfront* project which aims to capitalise on the significant tourist traffic to Sabah. In recent years, the state has been steadily increasing in popularity as a tourist destination, as evidenced by the 70% increase in passenger traffic the Kota Kinabalu Airport has recorded in the past five years. It is Malaysia's second largest airport, and is quietly emerging as an international hub, fuelled by growth from mainland China. Concurrently, room occupancy rates for hotels or rented lodging in the city averages between 90-100%, and Kota Kinabalu is currently listed as one of the "Top 10 Rising Asian Destinations" by TripAdvisor.com, following consistent positive feedback from visitors every year.

GBGAQRS therefore remains committed to our long term goals, and will continue to depend on our dual growth drivers of construction and property development while expanding our venture into mature property asset management. While we did not record any profit for FYE 2015, the returns generated by our mid to long term projects should be more than enough to offset any losses in the short term. Moving forward however, any forward growth GBGAQRS undertakes will be tempered with strict financial responsibility to ensure the Group's exposure to risk is minimal and manageable.

Appreciation

On behalf of the Board, allow me to extend my heartfelt gratitude to the management team, as well as all our customers, suppliers, business associates, and shareholders for their trust and confidence. It is only through your support and hard work that we have been able to achieve success in what we do. The Board is optimistic that the year ahead will present further opportunities to extend our business while enhancing shareholder value. We are committed to upholding our mandate for leadership and meeting the expectations of our stakeholders.

Datuk Kamarudin bin Md. Ali
Independent Non-Executive Chairman

29 April 2016

5. The Peak- unrivalled facilities to invigorate the mind, body and soul.

Management Review

Dear Valued Shareholders,

The FYE 2015 has been a challenging year indeed with the economy performing sluggishly due to various global as well as domestic factors. The Group has continued to carry out the projects we have on hand efficiently and on schedule. However, the Group recorded an overall loss in their income statement for FYE 2015 due to one-off exceptional losses incurred during the 3rd quarter of the financial year under review. We have a strategic recovery plan in place nevertheless, and have already begun steadily increasing the Group's revenue towards a return to profitability.

Consequently, the Group's property development projects held a total of unbilled sales of sold units of approximately RM138.5 million and an unbilled sales of unsold units at approximately RM632.1 million. Our utmost priority is to continue the conscious efforts being made by both the Board and management team to guide the Group back to a positive financial balance sheet.

Ng Chun Kooi
Executive Director
and Deputy Chairman

Management Review
(Cont'd)

1. Contours- the breathtaking backdrop is a priceless natural creation, with homes that hug the contours of the longest quartz ridge in the world

Construction Division

The Group recorded RM309.47 million in segmental review for FYE 2015, a decrease from RM406.03 million registered in the preceding corresponding year. The lower revenue is due to several existing construction projects that were completed or close to completion, which no longer contribute to the current year's revenue generation. In addition, there were losses incurred arising from the *Tropicana Metropark - Paloma* project as a result of piling construction works from the project. Subsequently, the Group has decided to provide fully for the losses as well as currently pursuing measures to recover the aforementioned losses from the sub-contractor parties involved in this project through negotiations or legal means.

Despite the softer market conditions in 2015, we are still actively sourcing and participating in tenders for strategic contracts. We believe that the Group will remain competitive and be in good form to pursue long-term stability through new projects.

Project Updates

Some of the major construction projects continued to be undertaken by the Group this year are:-

- ***Klang Valley Mass Rapid Transit ("KVMRT") Package V1 (Sungai Buloh to Kota Damansara Station)***

  The Package V1 of the KVMRT project is 99.84% complete as at 31 December 2015. This project, valued at an estimated contract sum of RM474.26 million, commenced its construction in 2012. Recently, GBGAQRS is awarded with additional work involving the construction and completion of a viaduct guideway for the SSP Spur Line "Reception Track" from depot to the KVMRT Main Line for a contract sum of approximately RM38.94 million. The Group is confident that the deliverables for these projects are on track for its scheduled completion.

- ***"The Peak" at Iskandar Malaysia***

  The Peak is the Group's leading serviced apartment project in Johor Bahru within Flagship A of Iskandar Malaysia. With an estimated project value of RM251.99 million, this development is currently 49.7% complete as at 31 December 2015 and is on track for its scheduled completion.

- ***Tropicana Metropark - Pandora***

  The development of this serviced apartment project began in 2013 and to date, it has progressed smoothly to having reached 72% completion rate by 31 December 2015. This project is valued at an estimated contract sum of RM173.0 million and is on track for its scheduled completion.

Property Division

The Property Division recorded RM60.42 million in revenue for the FYE 2015 as compared to RM208.94 million recorded in FYE 2014, mainly due to sales cancellations that occurred in FYE 2015 as a result of buyers' unsuccessful efforts to secure mortgage loans due to stricter policies by financial institutions. Additionally, one of our three on-going developments "*The Avenue*" (shop offices located in Kinrara Uptown, Puchong) was completed in November 2014 and thus, no longer contributed to the Group's FYE 2015 financial performance.

Management Review
(Cont'd)

Project Updates

Among the property projects which continue to be undertaken by the Group this year are:-

- ***Permas Centro***

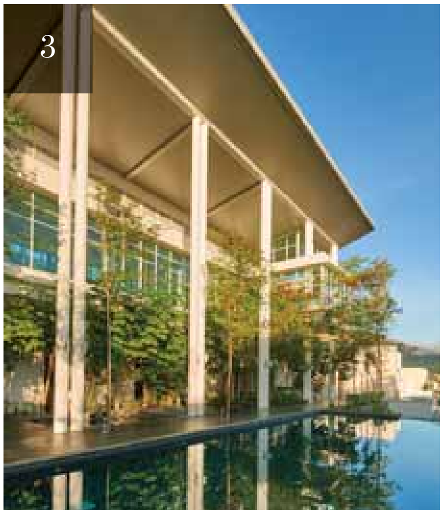
  Situated in Permas Jaya, Johor Bahru, *Permas Centro* is currently developed across 6 acres of prime land. This development features 3- and 4-storey shop offices with an estimated gross development value ("GDV") of RM166.0 million. The construction for *Permas Centro* is 96% completed as at 31 December 2015 and is targeted for completion by the 2nd quarter of 2016. To date, 83% of *Permas Centro's* total of 99 units have been sold.

- ***"The Avenue" at Kinrara Uptown, Puchong***

  The Avenue was completed in late 2014 and has sold 98% of its total of 177 units. This is the first phase of the integrated commercial centre development at Kinrara Uptown with an estimated GDV of RM225.0 million, featuring 2- and 4-storey shop units serving the surrounding neighbourhood.

- ***One Jesselton Waterfront***

  This project which is a joint venture with Suria Capital Holdings Berhad for a mixed development in Kota Kinabalu, carries a minimum Net Sales Value ("NSV") of RM1.1 billion. However, both parties aim to dedicate their best efforts to achieve a proposed NSV of RM1.8 billion. To be developed across 7 acres of a prime waterfront real estate, *One Jesselton Waterfront* will feature a shopping mall, corporate offices, serviced suites and apartments, condominiums as well as car park facilities, and a ferry ticketing office. The project will be moving forward in the coming year as we expect the land title to be issued in the second half of 2016.



2. Contours- a freehold, gated and guarded community consisting of 40 exclusive villas
3. Contours- residents' clubhouse is equipped with facilities for everyone in the family

Precast Division

The Company has through its wholly-owned subsidiary, Sinajasa Sdn Bhd, tied up with the Sabah Economic Development Corporation (SEDCO) by the subscription of 49% stake or 2.94 million ordinary shares of RM1.00 each and owned SEDCO Precast Sdn Bhd.

SEDCO Precast Sdn Bhd manufactures and sells pre-cast concrete products e.g. Reinforced Concrete Piles, Pipes, Box Culverts, L-Shapes, Industrial Building System (IBS) and other customised products for infra-structural and building projects in Sabah and Federal Territory of Labuan.

Precast Beams

Future Prospects

As we progress into 2016, the Group officially handed over the completed *"Provision of Accommodation on Base-Camp Concept"* project, complete with necessary facilities for Petronas Chemicals Fertiliser Sabah Sdn Bhd in Sipitang, Sabah, in March 2016. The camp is expected to provide a recurring monthly income stream to the Group for 5 years, beginning from the second quarter of the financial year ending 31 December 2016 ("FYE 2016").

In addition, Kreatif Sinar Gabungan Sdn Bhd, an associate company of the Group, is currently awaiting a Letter of Award from the State Government of Pahang to undertake the proposed development of Pusat Pentadbiran Sultan Ahmad Shah (PPSAS) in Kuantan. Upon receiving the grant from the State Government of Pahang, the Group will begin engaging in a significant portion of the construction works for the project.

Precast Half Slabs

Management Review
(Cont'd)

Corporate Social Responsibility

GBGAQRS firmly believes in giving back to the communities and environments the Group operates within, and is committed to making concentrated efforts through its Corporate Social Responsibility ("CSR") initiatives and activities. We take our duties as a responsible corporate citizen in Malaysia seriously, and play an active role in addressing CSR, from two (2) major aspects, namely the workplace and the environment. Through various programs conducted in each of these areas, GBGAQRS aims to make positive strides towards improving the well-being of its customers, employees, the local communities we operate in as well as society at large.

Workplace

We recognise that our passionate and capable employees are the most important assets of GBGAQRS and therefore continuously conduct internal and external trainings for employees when necessary. Over the past year this has included management level training in Human Resource Management (HRM), health and safety training as well as corporate governance related training and development. Facilitated by various reputable parties such as the Malaysian Investor Relations Association (MIRA) and the Malaysian Institute of Human Resource Management (MIHRM), these programs are aimed at improving leadership and efficiency within the Group at all levels, as well as enhancing the decision-making abilities of our employees.

Being the recipient of the HR Asia Best Companies to Work for in Asia 2015 (Malaysia) in November last year proves that the Company walks the talk in its commitment to being one of Malaysia's finest companies to work for.

5. Contours- linked bridge is designed in a way that separates the communal areas from the private chambers.

Environment

We are constantly looking for new ways to streamline our efficiency and reduce our carbon footprint. Resources such as electricity as well as raw materials are always used efficiently in all our construction and property development projects. In addition to health and safety standards we regularly review the Group's environmental objectives and targets to ensure that all our operations have the least negative environmental impact possible. Even from the aspect of administrative operations, multiple small initiatives in this area such as switching to energy efficient lighting in offices, cutting down on paper usage and promoting recycling have made a significant impact in ensuring that GBGAQRS's business is sustainable and eco-friendly.

4. Contours- spacious villas with built - up areas ranging from 5,688 sqft to 8,051 sqft

Appreciation

In closing, I wish to extend my sincere thanks to the Board for their guidance and support throughout the challenges the Group has overcome over the past year, which is greatly appreciated. I would also like to commend and thank the rest of the management and the employees of GBGAQRS for their dedication, professionalism and diligent efforts during the year under review. Our people and organisational culture are our greatest resources and the pillars of strength behind the success of the Group's business thus far. With your continued contributions and hard work, I am confident that we will be able to achieve our business goals and in doing so, reward our shareholders by creating value.

To all our shareholders, customers, suppliers, business partners and financiers, I offer my humble gratitude for their strong support, patience, trust and confidence in the Group throughout the years. We hope to continue to build upon all our strong working relationships moving forward as we strive to create added value for our shareholders through responsible growth.

Ng Chun Kooi
Executive Director
and Deputy Chairman

29 April 2016

Board of Directors

1. **Datuk Kamarudin Bin Md. Ali**
   (Independent Non-Executive Director and Chairman)
2. **Ng Chun Kooi**
   (Executive Director and Deputy Chairman)
3. **Dato' Azizan Bin Jaafar**
   (Executive Director and Chief Executive Officer)
4. **Ow Chee Cheoon**
   (Executive Director and Deputy Chief Executive Officer)

5. **Bernard Lim Soon Chiang**
   (Executive Director and Chief Financial Officer)
6. **Datuk Badil Zaman Bin Fazul Rahman**
   (Executive Director)
7. **Lam Vun Chiang**
   (Executive Director)
8. **Loo Choo Hong**
   (Independent Non-Executive Director)
9. **Muk Sai Tat**
   (Independent Non-Executive Director)

Board of Directors' Profile

DATUK KAMARUDIN BIN MD. ALI
Independent Non-Executive Director and Chairman
Malaysian, aged 66

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 Deputy Chairman
Malaysian, aged 55

Mr Ng Chun Kooi was appointed to the Board on 6 July 2011 and subsequently redesignated as the Deputy Chairman on 25 April 2016. During his tenure as the Chief Executive Officer of the Company, he was 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 30 years of experience in the construction industry and is the co-founder of 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 147 and 150 of this Annual Report.

Board of Directors' Profile

(Cont'd)

DATO' AZIZAN BIN JAAFAR
Executive Director
and Chief Executive Officer
Malaysian, aged 48

Dato' Azizan bin Jaafar was appointed to the Board as an Independent Non-Executive Director on 6 July 2011. He was subsequently redesignated to an Executive Director on 2 November 2012 and appointed as the Chief Executive Officer on 25 April 2016.

Dato' Azizan graduated from the University of Salford, United Kingdom in 1992 with a Bachelor of Science in Quantity Surveying. He has more than 24 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. During the period from 2005 to 2009, he was also responsible for the operations of Ahmad Zaki Sdn Bhd in India and Saudi Arabia.

At present, Dato' Azizan is 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 147 and 150 of this Annual Report.

OW CHEE CHEOON
Executive Director
and Deputy Chief Executive Officer
Malaysian, aged 55

Mr Ow Chee Cheoon was appointed to the Board on 6 July 2011 and was appointed as the Deputy Chief Executive Officer on 25 April 2016. 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 and 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. In 1989, he went for a two-year stint in Melbourne, Australia at the City of Mentone as a Municipal Engineer and subsequently, at Baulderstone Hornibrook as a Project Engineer involving in several high rise projects. Mr Ow returned to Malaysia in 1991 and headed Dekon Sdn Bhd 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 147 and 150 of this Annual Report.

Board of Directors' Profile

(Cont'd)

BERNARD LIM SOON CHIANG
Executive Director and
Chief Financial Officer
Malaysian, aged 44

Mr Bernard Lim Soon Chiang joined the Board as an Executive Director on 31 July 2013 and is also the Chief Financial Officer ("CFO") 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 the 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 147 and 150 of this Annual Report.

DATUK BADIL ZAMAN
BIN FAZUL RAHMAN
Executive Director
Malaysian, aged 58

Datuk 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. Datuk Badil Zaman is a member of Majlis Ekonomi Bumiputera, Society Empowerment & Economic Development of Sabah (SEEDS) and Malaysia-Japan Economic Association (MAJECA).

Datuk 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, Datuk 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 147 and 150 of this Annual Report.

Board of Directors' Profile

(Cont'd)

LAM VUN CHIANG
Executive Director
Malaysian, aged 45

Mr Lam Vun Chiang came on board on 18 March 2015. He oversees the Group's corporate finance and investor relations divisions.

Mr Lam graduated from Royal Melbourne Institute of Technology in 1993 with a Bachelor Degree in Business (Accountancy).

He has more than 20 years experience in the investment banking industry primarily involved in equity sales. He has served with various investment banks including Hong Leong Investment Bank Berhad, Affin-UOB Securities Berhad *(now known as Affin Hwang Investment Bank Berhad)* and AA Anthony Securities Sdn Bhd *(now known as UOB Kay Hian Securities (M) Sdn Bhd)*. Prior to joining the Company, he was the Deputy Director of Malaysia Priority Financial Services at RHB Investment Bank Berhad.

LOO CHOO HONG
Independent Non-Executive Director
Malaysian, aged 43

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 interest in the securities of the Company is as disclosed on page 147 of this Annual Report.

Board of Directors' Profile

(Cont'd)

MUK SAI TAT
Independent Non-Executive Director
Malaysian, aged 52

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 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 and Mycron Steel 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 Board is committed to ensuring that high standards of business ethics and corporate governance ("CG") are practised throughout the Group through the implementation and adoption of good governance practices. The Company adheres to the principles of good CG which has helped in contributing towards the achievement of the Group's strategic goals and values in business.

The principles adopted by the Company are in line with the principles and recommendations stipulated in the Malaysian Code on Corporate Governance, 2012 ("CG Code").

This Corporate Governance Statement outlines the Company's application of the underlying principles and recommendations provided in the CG Code and the extent to which the Company has complied with the CG Code and the rationale for non-observance of specific recommendations in the CG Code during the FYE 2015.

CLEAR ROLES AND RESPONSIBILITIES

1. Clear Functions of the Board and Management

The Board takes into consideration the interests of all stakeholders in their decision making so as to ensure the Group's objectives of creating long term shareholder value are met. The Board also monitors the Group performance and operations progress towards the corporate objectives.

The Board delegates the authority and responsibility for managing the day-to-day affairs of the Group to the Chief Executive Officer ("CEO") and Executive Directors ("EDs"). The CEO and EDs are also responsible for the implementation of business plans and strategies, policies and decisions approved by the Board and communicating matters to the Board. They are supported by the members of the Senior Management.

There is a schedule of key matters reserved specifically for the Board's deliberation and decision to ensure the direction and control of the Group are in its hands. These include, amongst others:-

- appointment to the Board/Board Committees;
- decision on emerging business issues;
- challenges arising from regulatory changes and changes in business environment;
- succession planning for the CEO and Senior Management;
- dividend payment;
- decision on material transactions/major investments and matters that have significant impact to the Group; and
- major acquisitions or disposal of a business or assets.

2. Principal Responsibilities of the Board

The Board has the overall responsibility in leading and determining the Group's strategic direction. It provides an effective oversight of the conduct of the Group's businesses, ensuring an appropriate risk management and internal control system is in place as well as regularly reviewing such system to ensure its adequacy and integrity.

The Board assumes the following principal responsibilities in discharging its fiduciary and leadership functions:-

- reviewing and adopting a strategic plan for the Company;
- overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- succession planning, including appointing, training, fixing of compensation and where appropriate, replacing Senior Management; and
- reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Statement on Corporate Governance

(Cont'd)

CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

2. Principal Responsibilities of the Board (Cont'd)

The Board has delegated specific responsibilities to Board Committees as well as various sub-committees to assist the Board in the running of the Group. The functions and Terms of Reference ("ToR") of the Board Committees as well as authorities delegated by the Board to these Committees have been clearly defined by the Board. The Board reviews the Committees' authorities and ToRs from time to time to ensure their relevance.

There are four (4) Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. These Committees examine specific issues and report to the Board with their respective recommendations. At each Board Meeting, the Chairman of the relevant Board Committees report to the Board on key issues deliberated at the respective Committee meetings. The ultimate responsibility for decision-making lies with the Board.

3. Strategies Promoting Sustainability

The Board is committed to implementing responsible and sustainable corporate practices that maintain the equilibrium between the Company's bottom line performance and environmental and social performance. The Company embraces good corporate responsibility practices in the areas of stakeholder engagement, the community, workplace, marketplace and environment. The corporate responsibility initiatives undertaken by the Company for the FYE 2015 are disclosed in the Corporate Responsibility Statement.

4. Access to Information and Advice

The Directors are provided with a structured agenda together with Management reports and proposal papers on a timely manner prior to the scheduled Board/Board Committee Meetings. This is to accord sufficient time for the Directors to peruse the meeting papers and enable them to effectively discharge their duties and responsibilities.

Where necessary, the Senior Management will be invited to attend Board/Board Committee Meetings to report and update on areas of business within their responsibility to provide Board members insights into the business, and clarify any issues raised by the Directors in relation to the Group operations. Directors are encouraged to share their views and insight in the course of deliberation and partake in discussions.

All issues discussed and all decisions made during the Board/Board Committee meetings will be properly recorded by the Company Secretary. Minutes of Board Meetings are circulated to all Directors for their perusal prior to it being tabled for confirmation at the following Board Meeting. Upon receiving confirmation from all the Board members, the minutes will be signed by the Chairman of the meeting as a correct record of the proceedings of the meeting. Decisions made and policies approved by the Board at Board Meetings will be communicated to the Senior Management for actions after the meeting.

All members of the Board have unrestricted and constant access to and interaction with the Senior Management on issues under their respective purview.

5. Access to Independent and Professional Advice

All Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively.

The Secretary of the Company who is qualified to act as company secretary under Section 139A of the Companies Act, 1965 ("Act"), organises and attends all Board Meetings and Board Committee Meetings and ensures meetings are properly convened; accurate and proper records of the proceedings and resolutions passed are maintained accordingly. The Company Secretary ensures that deliberations at Board and Board Committee Meetings are well documented. The Company Secretary constantly keeps herself abreast of the regulatory changes and developments in CG through continuous training.

The Board, whether as a full Board or in their individual capacity, may seek independent professional advice on specific issues at the Company's expense, where necessary, to enable them to discharge their duties.

Statement on Corporate Governance
(Cont'd)

CLEAR ROLES AND RESPONSIBILITIES (Cont'd)

6. Board Charter

The Board is guided by the Board Charter which sets out the principles and processes in the discharge of their responsibilities. It provides the Board strategic intent and outlines the Board's roles and responsibilities, the Board's rights to establish committees to assist in the discharge of its duties and its meetings requirements.

The Board Charter is accessible in the Company's corporate website www.gbg.com.my

STRENGTHEN COMPOSITION OF THE BOARD

1. Nomination Committee ("NC")

The NC is charged with the responsibility to oversee the selection and assessment of Directors for appointment/re-appointment/re-election to the Board and Board Committees.

In order to ensure that the selection and evaluation of Board members are done objectively, the NC comprises entirely of Independent Non-Executive Directors ("INEDs") as follows:-

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

The ToR of the NC are as set out in the Company's website www.gbg.com.my.

In discharging its responsibilities, the NC reports to the Board on the following matters:-

(i) the effectiveness of the present size of the Board;
(ii) the effectiveness of the composition of the Board in relation to the mix of Independent Directors, Non-Executive Directors ("NEDs") and EDs;
(iii) the effectiveness of the composition of the Board in relation to the mix of skills and experience and other qualities, including core competencies which NEDs should bring to the Board, and which should be disclosed in the Annual Report;
(iv) the contribution of individual Directors in relation to the effective decision-making of the Board; and
(v) determining a continuous education programme for Board members to upgrade their skills in enhancing their effective contribution.

Meetings of the NC are held at least once a year and as and when required. During the FYE 2015, the NC met once. The details of attendance of the NC members are as follows:-

NC Members	No. of Meetings Attended / No. of Meetings Held During FYE 2015
Muk Sai Tat (Chairman)	1/1
Datuk Kamarudin bin Md. Ali	1/1
Loo Choo Hong	1/1

Statement on Corporate Governance

(Cont'd)

STRENGTHEN COMPOSITION OF THE BOARD (Cont'd)

2. Recruitment of Directors and Annual Assessment

2.1 Appointment and Re-election to the Board

The NC is empowered to identify and recommend to the Board, candidates for new appointments to the Board. The NC has established specific criteria for assessing candidature for directorship. The suitability of a candidate will be assessed by taking into consideration the individual's background, competencies, knowledge, expertise and experience, personal qualities and commitment. Considerations will also be given on whether the candidate meets the requirements for independence as defined in the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"); the candidate's understanding of the Group's business and market; and factors that promote boardroom diversity, including gender diversity and other qualities of the Board. The NC is also responsible to ensure that the procedures for appointing new Directors are transparent and that appointments are made on merit.

The Company's Articles of Association ("AA") provides that the total number of Directors shall not be less than two (2) nor more than twelve (12). The Board may appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but the total number of Directors shall not exceed the said limit. Any new Director appointed by the Board during the year shall hold office only until the next Annual General Meeting ("AGM") of the Company, and shall be eligible for re-appointment.

The AA further provides that one-third of the Directors shall retire from office by rotation at each AGM and all Directors, including the Managing Director, shall retire from office at least once every three (3) years but shall be eligible for re-election. A Director seeking re-election or re-appointment shall abstain from all deliberations regarding his/her re-election or re-appointment to the Board.

The NC reviews and assesses annually the re-election/re-appointment of retiring Directors who seek re-election/re-appointment at the Company's AGM. In determining whether to recommend a Director for re-election or re-appointment, the Director's effectiveness and contribution to the activities of the Board will be duly considered by the NC. The NC will thereupon submit its recommendation on the proposed re-election/re-appointment of Directors to the Board for consideration before tabling the same for shareholders' approval.

The following Directors are due to retire pursuant to Article 95 of the AA at the forthcoming AGM. They have offered themselves for re-election:-

(i) Datuk Kamarudin bin Md. Ali;
(ii) Ow Chee Cheoon; and
(iii) Muk Sai Tat.

2.2 Annual Assessment

On a yearly basis, the NC conducts the Board Effectiveness Evaluation via questionnaires, which comprises Board and Board Committees Effectiveness Assessment and Directors Self and Peer Assessment. The NC assessed the effectiveness in terms of composition, conduct, accountability and responsibility of the Board and Board Committees in accordance with the respective ToRs. The Directors Self and Peer Assessment was conducted to evaluate the mix of skills, experience and the individual Director's ability to contribute to the development of strategy and exercise independent judgement towards the effective functioning of the Board. The NC also evaluates the independence of Independent Directors based on the criteria of "Independence" as prescribed by the MMLR.

The evaluation process is led by the NC Chairman with the support from the Company Secretary. The NC will review the feedback gathered from the evaluation; identify areas for improvements to enhance the effectiveness of the Board and recommend actions to be taken by the Board.

Statement on Corporate Governance
(Cont'd)

STRENGTHEN COMPOSITION OF THE BOARD (Cont'd)

2. Recruitment of Directors and Annual Assessment (Cont'd)

2.2 Annual Assessment (Cont'd)

The NC, pursuant to its recent annual evaluation, was satisfied that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills and experience and that the Board has adequate independent element that reflects the interest of minority shareholders and provides an effective check and balance. The NC was also satisfied that the Board comprises individuals of calibre and creditability with necessary skills and qualifications which will enable the Board to discharge its responsibility effectively. Through the Directors Self and Peer Assessment, the NEDs have indicated their satisfaction with the level of independence of each of their peers and their ability to act in the best interest of the Company in decision-making.

3. Remuneration Committee ("RC")

The RC comprises a majority of NEDs, namely:-

i. Datuk Kamarudin bin Md. Ali - *Chairman, INED*
ii. Loo Choo Hong - *Member, INED*
iii. Muk Sai Tat - *Member, INED*
iv. Ng Chun Kooi - *Member, ED and Deputy Chairman*
v. Ow Chee Cheoon - *Member, ED and Deputy CEO*

The RC is authorised to review the annual bonus and salary increment of the EDs and members of the Senior Management of the Company based on their performance and achievements. Remuneration of NEDs is decided by the Board as a whole. A Director whose remuneration package is being considered shall abstain from deliberating and voting on his/her own remuneration at the Board and RC Meetings.

The ToR of the RC are as set out in the Company's website www.gbg.com.my

In discharging their responsibilities, the RC needs to ensure the followings:-

(i) the determination of remuneration packages of NEDs, including Non-Executive Chairman should be a matter of the Board as a whole; and
(ii) all Directors should abstain from discussion of their own remuneration.

Meetings of the RC are held at least once a year, and as and when required. During the FYE 2015, two (2) meetings were held and the details of attendance of the members of the RC are as follows:-

RC Members	No. of Meetings Attended / No. of Meetings Held During FYE 2015
Datuk Kamarudin bin Md. Ali *(Chairman)*	2/2
Loo Choo Hong	2/2
Muk Sai Tat	1/2
Ng Chun Kooi	2/2
Ow Chee Cheoon	1/2

Statement on Corporate Governance

(Cont'd)

STRENGTHEN COMPOSITION OF THE BOARD (Cont'd)

3. Remuneration Committee ("RC") (Cont'd)

3.1 Directors' Remuneration

The RC reviews the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. In the case of EDs, the component parts of their remuneration are structured so as to link rewards to corporate and individual performance. In the case of NEDs, their remunerations reflect the experience, level of responsibilities and contributions and the time spent in attending to the Group's matters.

3.2 Remuneration Policy

The current remuneration policy for the Directors is as follows:-

(a) Basic Salary for EDs

The RC reviews the basic salary for the EDs after taking into account the performance of the EDs, the inflation price index and information from independent sources on the rates of salary for similar jobs in a selected group of comparable companies.

(b) Fees for NEDs

The fees payable to the NEDs are determined by the Board as authorised by the shareholders of the Company.

(c) Benefits-in-kind

Certain customary benefits (such as motor vehicles, mobile phones and club memberships) are made available to the EDs and the Senior Management of the Company as appropriate.

(d) Contribution to Employees Provident Fund

Contributions are made to the Employees Provident Fund in respect of all EDs and employees of the Group.

3.3 Details of Directors' Remuneration

The details of the remuneration paid or payable to Directors (including a former Director who resigned from the Company during the year) for the FYE 2015 are as follows:-

	Fees * (RM)	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in-kind (RM)	EPF and SOCSO (RM)	Total (RM)
EDs	-	3,497,871.39	1,403,200.00	82,431.50	590,692.14	5,574,195.03
NEDs	360,000.00	-	-	-	-	360,000.00

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

Statement on Corporate Governance
(Cont'd)

STRENGTHEN COMPOSITION OF THE BOARD (Cont'd)

3. Remuneration Committee ("RC") (Cont'd)

3.3 Details of Directors' Remuneration (Cont'd)

The number of Directors of the Company (including a former Director who resigned from the Company during the year) whose total remunerations for the FYE 2015 fall within the required disclosure bands are as follows:-

Remuneration Bands	EDs	NEDs
RM100,000 and below	-	2
RM150,001 - RM200,000	1	1
RM350,001 - RM400,000	1	-
RM450,001 - RM500,000	1	-
RM850,001 - RM900,000	1	-
RM1,100,001 - RM1,150,000	1	-
RM1,200,001 - RM1,250,000	1	-
RM1,350,001 - RM1,400,000	1	-

REINFORCE INDEPENDENCE

1. Assessment of Independent Directors

The INEDs play an important role in bringing impartiality and scrutiny to Board deliberations and decision-making, and also serve to stimulate and challenge the Management in an objective manner. They do not participate in the day-to-day management of the Company and do not involve themselves in business transactions or other relationship which could materially compromise their independent judgement.

The three (3) INEDs of the Company fulfill the criteria of independence as defined in the MMLR. The Company meets the minimum requirement prescribed by the MMLR to have at least one-third of the Board comprising INEDs.

2. Tenure of Independent Directors

The Company does not have term limits for Independent Directors but the Board does evaluate the contribution and tenure of the Independent Directors. The Board believes that valuable contribution can be obtained from Directors who have, over a period of time, developed valuable insight of the Company and its business. Their experiences enable them to discharge their duties and responsibilities independently and effectively in the decision-making processes of the Board notwithstanding their tenure on the Board. The Board therefore was of the view that imposing a fixed term limit for Independent Directors does not necessarily promote independence and objectivity.

3. Re-appointment of Independent Directors who has served for nine (9) years or more

As of 31 March 2016, none of the existing Independent Directors has served on the Board for a cumulative term of nine (9) years or more.

Statement on Corporate Governance
(Cont'd)

REINFORCE INDEPENDENCE (Cont'd)

4. Separation of positions of the Chairman and CEO

There is a clear division of responsibility between the Chairman and the CEO to ensure that there is a balance of power and authority in the Board, such that no one individual has unfettered powers of decision-making. The Chairman of the Board is primarily responsible for ensuring the effective functioning of the Board and leading the Board in the oversight of management. He engages directly with the CEO to monitor performance and oversees the implementation of strategies.

The CEO, together with the EDs, are responsible for the day-to-day management of the Group operations and business as well as implementation of business plans and strategies, policies and decisions approved by the Board.

5. Board Composition and Balance

The Board currently comprises nine (9) members, of whom three (3) (including the Chairman) are INEDs, and six (6) are EDs. The Board considers various aspects of diversity when assessing the Board's size and mix each time a vacancy arises. The Board is satisfied that the current size of the Board is appropriate and commensurate with the complexity, scope and operations of the Group and that it has an appropriate mix of relevant skills, knowledge and experience. It also has a balanced composition with adequate Board independence that represents the minority interest.

A brief profile of the Board members is presented on pages 18 to 22 of this Annual Report.

DIRECTORS' COMMITMENT

1. Time Commitment

The annual meetings schedule which sets out the dates for meetings of the Board, Board Committees and shareholders, is prepared and circulated to the Directors before the beginning of each year to facilitate the Directors to plan their time schedules ahead.

The Board meets on a quarterly basis and additional meetings are convened as and when necessary, to consider urgent proposals or matters that require the Board's consideration.

The Board met six (6) times during the FYE 2015 and the details of attendance of the Directors are as below:-

Directors	No. of Meetings Attended/ No. of Meetings Held During Tenure of Office
Datuk Kamarudin bin Md. Ali	6/6
Ng Chun Kooi	6/6
Dato' Azizan bin Jaafar	6/6
Ow Chee Cheoon	6/6
Bernard Lim Soon Chiang	6/6
Datuk Badil Zaman bin Fazul Rahman	6/6
Loo Choo Hong	6/6
Muk Sai Tat	6/6
Lam Vun Chiang *(appointed on 18 March 2015)*	4/4
Meriah binti Nasibi *(resigned on 18 March 2015)*	1/2

Statement on Corporate Governance
(Cont'd)

DIRECTORS' COMMITMENT (Cont'd)

1. Time Commitment (Cont'd)

At Board meetings, the Board reviews Management reports on the business and financial performance of the Group and discusses major operational and financial issues.

Directors are encouraged to pose queries (if any) to Management prior to each Board Meeting to enable them to better prepare for the meeting.

Directors are expected to devote sufficient time and effort to carry out their responsibilities. The Board will seek commitment from Directors at the time of appointment. Directors are advised to notify the Chairman/Board before accepting any new directorship.

2. Directors' Training and Induction

Any Director appointed to the Board is required to complete the Mandatory Accreditation Programme ("MAP") within four (4) months from the date of appointment. Mr Lam Vun Chiang who was appointed to the Board on 18 March 2015 has completed the MAP held on 6 and 7 May 2015.

The Company Secretary organises and co-ordinates training programmes for the Directors. The Directors may request to attend training courses according to their needs from time to time to keep abreast with relevant changes in laws and regulations, and the business environment.

The Directors are mindful of the need to continue to refresh their skills and knowledge to assist them in the discharge of their duties as Directors. The Board will, on a continuous basis, evaluate and determine the training needs of the Directors.

During the FYE 2015, an in-house training programme which covered the topic "Embracing the Board's Role in Corporate Transformation for Sustainable Results" was held on 27 November 2015 and attended by the Directors of the Company.

The individual Directors have also participated in the following external/internal training courses/ seminars/conferences/workshops to be kept updated on latest developments and to enhance their knowledge:-

- Lead the Change : Getting Women on Boards
- Bursa Malaysia CG Breakfast Series with Directors : "How to Maximise Internal Audit"
- Bursa Malaysia CG Breakfast Series with Directors : "Bringing the Best out in Boardrooms"
- Bursa Malaysia CG Breakfast Series with Directors : "Future of Auditor Reporting - The Game Changer for Boardroom"
- Maximising Board Effectiveness through a Strong Board Risk Oversight Role beyond Financial Performance
- Optimising the Board's Perspective on Organisational Strategy for Effective Mergers and Acquisitions Activities
- MIA International Accountants Conference 2015
- 11^{th} Tricor Tax and Corporate Seminar
- The 20^{th} Malaysian Capital Market Summit : "Coping with Headwinds, Restoring Market Confidence"
- Embracing the Board's Role in Corporate Transformation for Sustainable Results

Statement on Corporate Governance
(Cont'd)

INTEGRITY IN FINANCIAL REPORTING

1. Financial Reporting

In presenting the quarterly and annual financial statements to shareholders and investors, the Board is committed to providing a clear, balanced and meaningful assessment of the Group's financial position and prospects.

The Board, assisted by the AC, oversees the financial reporting of the Group. The AC reviews the Group's quarterly and annual financial statements and the appropriateness of the Group's accounting policies and the changes to these policies to ensure that these financial statements comply with accounting standards and regulatory requirements.

The Chairman's Statement and the Management Review by the CEO on pages 8 to 15 of this Annual Report provide additional analysis and commentary on the state of the Group's business. The Statement by Directors pursuant to Section 169 of the Act is set out on page 51 of the Financial Reports section of this Annual Report.

As required by the Act, the Directors are responsible for ensuring that the financial statements of the Group are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia, provisions of the Act and the MMLR, and give a true and fair view of the financial position of the Group at the end of the financial year.

The Directors are satisfied that in preparing the financial statements for the FYE 2015, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgements and estimates; and implemented relevant internal controls to ensure the financial statements are free from material misstatement. The Directors also consider that all applicable approved accounting standards in Malaysia have been adopted and the financial statements have been prepared on a going concern basis.

1.1 Related Party Transactions ("RPTs")

All RPTs are reviewed by the AC and the same will be reported to the Board on a quarterly basis. Where any Director who has an interest (direct or indirect) in any RPT, such Director shall abstain from deliberation and voting on the resolution of such transaction at the AC and Board Meetings.

Details of recurrent related party transactions are set out under Note 36 to the audited financial statements on pages 127 and 128 of this Annual Report.

2. Suitability and Independence of External Auditors

The Board through the AC has established a transparent and professional relationship with the Group's external auditors. The AC has explicit authority to communicate directly with the external auditors.

The AC meets with the external auditors at least twice a year to discuss their audit plan and audit findings in relation to the Group's financial statements. Private sessions between the AC and the external auditors were held without the presence of the EDs, the Management and the internal auditors to discuss the audit findings and any other observations they may have during the audit process. In addition, the external auditors are invited to attend the AGM of the Company and are available to answer shareholders' queries on the conduct of the statutory audit and the preparation and contents of their audit report.

The external auditors are engaged mainly to perform statutory audit on the Group's financial statements. The external auditors also undertake certain non-audit services such as review of the Statement on Risk Management and Internal Control of the Company.

Further information on the role of the AC in relation to the external auditors is stated in the AC Report on pages 35 to 37 of this Annual Report.

Statement on Corporate Governance

(Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

1. Risk Management Framework

The AC assists the Board by providing an objective review of the effectiveness and efficiency of the Group's internal control, risk management and governance framework.

The Group has in place a continuous and systematic process for identifying, evaluating and managing the principal risks that may affect the achievement of its business objectives. This process is reviewed by the Board via the AC to ensure the adequacy and integrity of the system. The key features of the Risk Management Framework are set out in the Statement on Risk Management and Internal Control on pages 38 to 39 of this Annual Report.

2. Internal Audit Function

The Board acknowledges its responsibilities for the Group's system of internal control covering not only financial controls but also operational and compliance controls as well as risk management. The internal control system involves each business and key management from each business, and is designed to meet the Group's particular needs and to manage the risks to which it is exposed. The system can therefore only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group's outsourced internal audit provides independent and objective reports on the Group's management, records, accounting policies and controls to the AC. The internal audits include evaluation of the processes by which risks are identified, assessed and managed, and ensure that controls which are instituted are appropriate and can effectively address acceptable risk exposures. The Group's internal audit also ensures that recommendations to improve controls are followed through by the Management.

The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group, is presented on pages 38 to 39 of this Annual Report.

TIMELY AND HIGH QUALITY DISCLOSURE

1. Corporate Disclosure Policy

The Group recognises the importance of being accountable to its investors and as such has maintained an active and constructive communication policy that enables the Board and Management to communicate effectively with its investors, stakeholders and the public generally. The Group firmly believes that prompt and timely information should be provided to shareholders and investors to enable them to make informed investment decisions.

2. Dissemination of Information

The Company's corporate website www.gbg.com.my is another communication channel for investors to access information including corporate information, annual reports, latest press releases, latest financial results, securities prices, announcements and disclosures made to Bursa Securities, and corporate responsibilities activities of the Group.

The Company will continue to ensure value-added information relating to CG are provided and work towards enhancing the transparency and timeliness on all corporate disclosures and reporting.

Statement on Corporate Governance
(Cont'd)

STRENGTHEN RELATIONSHIP WITH SHAREHOLDERS

1. Shareholders Participation at General Meetings

The Board regards the AGM as a principal platform for open communication between the shareholders, Directors and Senior Management of the Company. Notice of the AGM is sent to shareholders at least 21 days ahead of the meeting date together with the Annual Report containing the audited financial statements and information on the rationale of any proposed resolution under the special business agenda to assist shareholders in deciding how they should vote on each agenda item. The notice of meeting is also advertised in a local daily newspaper.

Shareholders are given opportunity to participate in the question and answer session on the proposed resolutions and the Group's operations. The CEO, EDs and the Chairman of the Board are available to respond to shareholders' queries during the meeting. Where appropriate, the Chairman will undertake to provide a written response to any significant question that cannot be readily answered on the spot.

The outcome of the AGM is announced to Bursa Securities on the same meeting day.

2. Poll Voting

All motions put forth for shareholders' approval at the 5th AGM held on 25 June 2015 were voted by a show of hands.

Poll voting will be adopted if there is/are substantive motion(s) to be put forth for shareholders' approval at the general meetings.

3. Communication and Engagements with Shareholders

The Company communicates with its shareholders and stakeholders through the timely release of financial results on a quarterly basis, annual report, press releases and announcements to Bursa Securities. Financial results and press releases are also placed on the corporate website to keep shareholders and investors informed on the Group's performance and operations.

A press conference is normally held after the AGM where the Chairman, the CEO, EDs and CFO provide updates to the media and answer questions from the media on the Group's plans and activities.

COMPLIANCE STATEMENT

This Statement on the Company's CG practices is made in compliance with Paragraph 15.25 of the MMLR and approved by the Board on 26 February 2016.

Audit Committee Report

The Board of Gabungan AQRS Berhad presents the Audit Committee Report which provides insights into the manner in which the Audit Committee ("AC") discharged its functions for the Group in FYE 2015.

COMPOSITION

The AC comprises three (3) members, all of whom are INEDs who satisfy the test of independence under the MMLR. This meets the requirements of Paragraphs 15.09(1)(a) and (b) of the MMLR. The AC members and their attendance records are as set out below.

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 18 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 and its members discharged their functions, duties and responsibilities in accordance with the ToR of the AC, thereby supporting the Board in ensuring the Group upholds appropriate CG standards.

MEETINGS

During the FYE 2015, six (6) AC meetings were held and attended by all the members of the AC. The representatives of internal auditors and some members of the Senior Management i.e. the CFO and General Manager (Finance) were also invited to attend these meetings to brief the AC on specific matters.

The Group's external auditors were present at three (3) AC meetings during the financial year where matters relating to the audit of the Group's annual financial statements were discussed. The external auditors also had two (2) separate meetings with the AC without the presence of the EDs and the Management during the financial year to discuss audit findings and any other observations they may have during the audit process.

The AC Chairman reports to the Board on matters deliberated at the AC meetings. Minutes of meetings of the AC were also circulated to all members of the Board for their notation.

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 *(Chairman)*	6	6
Datuk Kamarudin bin Md. Ali	6	6
Muk Sai Tat	6	6

TERMS OF REFERENCE

The ToR of the AC is not included in this Annual Report as the ToR has been disclosed to the shareholders in the Company's previous Annual Reports pursuant to the requirements of the MMLR and has remained unchanged and, the ToR is published on the Company's website www.gbg.com.my.

Audit Committee Report

(Cont'd)

SUMMARY OF ACTIVITIES

The following activities were carried out by the AC during the FYE 2015:-

1. **Financial Reporting**

   a) reviewed the quarterly financial results of the Group and the relevant announcements released to Bursa Securities before recommending them for the Board's approval; and

   b) reviewed the annual audited financial statements of the Group prior to submission to the Board for approval. The review was to ensure that the financial reporting and disclosures are in compliance with the MMLR, provisions of the Act, applicable Malaysian Financial Reporting Standards ("MFRSs"), approved accounting standards issued by the Malaysian Accounting Standards Board and any other relevant legal and regulatory requirements.

2. **Internal Audit**

   a) reviewed the Internal Audit Plan and Programmes including the audit methodology in assessing and rating risks of auditable areas to ensure adequate scope and comprehensive coverage on the audit activities of the Group;

   b) reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance and competency of the outsourced internal auditors;

   c) reviewed the Internal Audit Reports which encompassed the audit issues, audit recommendations and Management's responses to these recommendations. Improvement actions in the areas of internal control, systems and efficiency enhancements suggested by the internal auditors were discussed together with the Management;

   d) reviewed the implementation of these recommendations through Follow-up Audit Reports to ensure all key risks and control issues were addressed; and

   e) suggested additional improvement opportunities in the areas of internal control, systems and efficiency improvement.

3. **External Audit**

   a) reviewed with the external auditors their audit scope, audit strategy and audit plan for the year and their proposed fees for the statutory audit and review of the Statement on Risk Management and Internal Control;

   b) reviewed the External Audit Reports and areas of concern highlighted in the Management Letter including Management's responses to the findings of the external auditors;

   c) discussed with external auditors the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Group;

   d) assessed the independence and objectivity of the external auditors during the year in carrying out statutory audit for the Group. The AC also received confirmation from the external auditors that there were no circumstances and relationship that create threats to their independence and that the ethical requirements have been complied with; and

   e) assessed the performance of the external auditors and made recommendations to the Board on their re-appointment and remuneration.

Audit Committee Report

(Cont'd)

SUMMARY OF ACTIVITIES (Cont'd)

4. Other Activities

a) reviewed the RPTs entered into/to be entered into by the Company and/or its subsidiaries and, recurrent related party transactions of a revenue or trading nature within the Company/Group;

b) reviewed industry issues and Management's concerns over the potential implication of the issues to the Group operations and business; and

c) reviewed the AC Report and the Statement on Risk Management and Internal Control and, recommended to the Board to approve the same for inclusion in the Annual Report.

5. Training

During the FYE 2015, the AC members attended the Directors' Training Programmes arranged by the Company and training courses, seminars or conferences organised by relevant regulatory authorities and professional bodies on areas relating to commercial, corporate governance, risk management, regulatory framework, leadership and management. Details of the training topics are set out in the Statement on CG.

6. Internal Audit Function

The Internal Audit Function is outsourced and the internal auditors report directly to the AC and have direct access to the AC Chairman on all internal control and audit issues. The AC determines the adequacy of the scope, functions, competency and resources of the internal auditors.

The principal role of the internal auditors is to undertake independent and systematic reviews on the Group's internal controls system so as to provide reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal controls, risk management and governance.

The internal auditors adopt a risk-based auditing approach towards the planning and conduct of audits consistent with the Group's established framework in designing, implementing and monitoring of control system.

The internal auditors carried out their activities based on the Annual Internal Audit Plan approved by the AC. The findings of the internal auditors were highlighted to the relevant representatives of the Management for attention and necessary corrective actions. The Management is responsible for ensuring that corrective actions are taken within the required timeframe. The finding reports were also presented to the AC for review at their quarterly meetings.

The total cost incurred in relation to the conduct of the outsourced internal audit functions of the Group for the FYE 2015 amounted to RM67,746 against RM71,005 in FYE 2014.

This AC Report has been reviewed by the AC and approved by the Board on 26 February 2016.

Statement on Risk Management and Internal Control

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" ("Guidelines") issued by the Task Force on Internal Control with the support and endorsement of Bursa Securities.

RISK MANAGEMENT

The Group's risk management and execution is primarily driven by all EDs and senior management. The EDs and senior management identify, evaluate and manage significant risks facing the organisation in its business and operations. Monthly Management Committee meetings, involving the EDs and members of the senior management are held to ensure that risks and challenges are communicated and action plans are re-aligned timely. In addition, the respective business segments will also conduct its management meetings in order to deal with the progress of business operations and various operational and financial issues in greater details.

The Board has formed the Risk Management Committee ("RMC") comprising INED and executive members of the Board. The RMC has identified and assessed the top risks for both the property development and construction businesses. Based on these risks, management actions were mapped out to manage the risks effectively. Further, the Internal Auditors have also re-aligned their audit focus and plan according to these identified risks complementing the risk management practices of the RMC.

SYSTEMS OF INTERNAL CONTROL

Fundamentally, the key control procedures and processes in the Group are:-

i. management organisation chart outlining the management responsibilities and hierarchical structure of reporting and accountability;

ii. approval and authority limits of the top executives and heads of department;

iii. pre-evaluation of suppliers, sub-contractors and consultants before selection;

iv. post-evaluation of suppliers' and sub-contractors' performance for future reference and selection;

v. 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;

vi. verifications, reconciliation, review of operating performance and segregation of duties in the management functions of the Group;

vii. implementation of ISO Quality Management System ISO 9001:2008 and OHSAS 18001:2007 for key subsidiaries in order to ensure consistency of standard in quality management system, compliance with customers' security and safety requirements as well as minimisation of operational hazard risks;

viii. legal advices are sought to ensure that contractual risks are addressed and managed before entering into material contracts or agreements;

ix. job descriptions for each position are established providing understanding to employees of their actions needed in discharging their responsibilities; and

x. regular Safety and Health Committee meetings to enforce safety awareness at site.

Statement on Risk Management and Internal Control

(Cont'd)

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Guidelines, the Management is responsible to the Board 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

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 continues to derive its comfort of the state of risk management and internal control of the Group from the following key processes and information:-

- periodic review of financial information covering financial performance and quarterly financial results;
- 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 systems of internal control from the Internal Auditors and the Management's implementation status of the audit recommendations ; 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.

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 there were no material losses resulted from significant control weaknesses that would require additional 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 risk management and internal control 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, nor is it factually inaccurate.

This Statement is made in accordance with the resolution of the Board dated 31 March 2016.

Statement by Nomination Committee

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 to disclose a statement on the activities of the NC.

The key responsibilities of the NC of the Board are to assess the performance of Directors, as well as to evaluate and recommend suitable candidates for the Board. The ToR of the NC are published on the corporate website of the Company for shareholders' reference. In order to ensure that the selection and evaluation of Board members are done objectively, the members of the NC solely consist of INED. This composition of members is in accordance with the requirement of the MMLR as set out in Paragraph 15.08A(1).

During the financial year, the NC conducted a meeting to review:-

- the retirement and re-election of Board members at the last AGM. This meeting was attended by all members of the Committee;
- the nomination and appointment of EDs for the Board and subsidiary company. In this case, the NC had evaluated the experience, integrity, competency and character of the candidates by considering their qualification, past career history, references and expected contributions to the Group; and
- the performance appraisal for the Board, Board Committees and individual Directors of the Board.

The performance evaluation of the Board is conducted by way of self-assessment. The Directors are given a set of questionnaire covering assessments of the Board, Board Committees, individual Director and independence assessments for Independent Directors. The Directors are required to fill out the questionnaires and provide their feedback, views, commentary and suggestions for improvements. The results of these self-assessment questionnaires are compiled by the Company Secretary and tabled to the NC for review and deliberation. The criteria applied in these assessments include integrity, availability, meeting preparation and attendance, Board participation, business planning contribution and teamwork.

Presently, the Board does not have female Director. Nonetheless, the Board acknowledges the importance of gender diversity in the Board composition and would ensure that women candidates are sought when considering future candidate(s) for vacancy at the Board level.

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 to the Group and, if required, to replace them. Before recommending the retiring Directors to the Board for re-election, the NC would summarise the past performance assessment of the retiring Directors for the Board's review while the retiring Directors abstain from deliberations of their performance.

The AA provides that the minimum and maximum size of the Board shall be two (2) and twelve (12) members respectively. The objective of the Board composition policy is to maintain an effective size of the Board which reflects its responsibilities, dynamism and, to promote common purposes and a sense of sharing among its members.

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 balanced composition, power and authority. Accordingly, shareholders are encouraged to communicate their concerns in relation to this matter, if any, to any Board member.

Corporate Responsibility Statement

The Company, being a responsible corporate citizen, does not only focus on creating sustainable developments for the future generations, but also commits to practising the standards set in the CG Code, as well as actively pursues policies and actions that are in the best interests of the stakeholders and community which would contribute back to the society.

The Group believes that a firm commitment to corporate responsibility activities forms the basis of good corporate citizenship and upholds the highest level of corporate governance.

Aligned with the Group's business strategy, we endeavour to manage our business in a socially responsible manner. We strive to look after the interests of our key stakeholders - from shareholders, investors, customers, suppliers to employees, as well as the community where we operate in.

The Group's Corporate Social Responsibility framework covers the following areas:-

1. WORKPLACE

With a constantly growing workforce and ever-evolving Information and Technology, it is imperative that the Group continues to invest in its employees.

(a) Training and Development

Training programmes, both internal and external, are organised to deliver an all-round training experience to our employees by upgrading their skill sets, job knowledge and competency level in achieving an overall increase in productivity.

Respect and considerations of our colleagues are the work culture of the Group. Training programmes are in place for employees in assisting them to work towards their goals and aspirations.

(b) Workplace Diversity

The Group embraces diversity at workplace and we do not allow room for any form of discrimination practice against people of different gender, age, ethnicity, nationality or marital status.

By employing a diverse workforce, the Group is able to have a better understanding of today's dynamic market demographics. It has also enabled the Group to tap into a pool of people from diverse backgrounds who can provide unique market insights or generate creative solutions, thereby increasing the Group's competitiveness in today's globalised and challenging economy.

(c) Healthy and Safe Working Environment

The Group continuously strives to provide a healthy and safe working environment for the employees. Regular workplace inspection is one of the main duties of the Management to ensure work places are uncluttered, neat, tidy and safe. Fire and safety drills are held to ensure that employees are well prepared in the event of an emergency.

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.

Corporate Responsibility Statement
(Cont'd)

1. WORKPLACE (Cont'd)

(d) Employees' Well-Being

Employees are the most important assets of any organisation and it is no difference for the Company. We believe that our employees are a key competitive advantage and the driver of how we deliver value to our customers and superior returns for our shareholders. In addition to ensuring they receive fair and equitable remuneration and treatment, we are committed to helping them realise their full potentials during their time with us by fostering a conducive workplace and work environment for our employees.

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.

2. ENVIRONMENT

As part of the efforts towards preservation of the environment, the Group ensures there are measures at the construction sites to prevent any adverse impact on the natural environment. The Group also strives to ensure priority is given to environmental friendly material to be used in its construction sites with balance of benefits and costs.

3. COMMUNITY

The Group recognises that the community plays an essential role in driving the success of its business. We believe that engaging and partnering with our communities is essential to establishing an environment of mutual trust and respect, which can lead to positive outcomes on issues of mutual concern. The Group continuously puts forth a variety of initiatives designed to improve community engagement and foster strong ties to the communities.

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 also organised fun activities to interact with the orphans at an orphanage, Rumah Permata Hatiku in Gombak, Kuala Lumpur.

4. MARKETPLACE

As a listed entity as well as an employer, the Group has an obligation to its shareholders and the relevant authorities. The Group has therefore instituted several responsible marketplace practices to maintain high standards of integrity, fairness and transparency in our conduct of business.

(a) Corporate Disclosure Practices

The Group recognises the importance of timely and thorough dissemination of accurate and useful information relating to its operations to stakeholders. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities and the International Financial Reporting Standards and MFRSs. For instance, this Annual Report contains comprehensive information pertaining to the Group, whilst various disclosures on financial results provide stakeholders with the latest financial information of the Group.

(b) Investor Relations

The rights of all shareholders, be it institutional, retail or minority, to information are respected. The Group is therefore committed to communicating regularly with its associates, potential investors, analysts, customers, business partners and the media to provide timely and consistent updates on quarterly financial results, corporate activities and financial performance and, encouraging feedbacks through our official website.

Corporate Responsibility Statement
(Cont'd)

4. MARKETPLACE (Cont'd)

(c) 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.

(d) Corporate Website

Apart from the mandatory public announcements through Bursa Securities, the Group's website at www.gbg.com.my provides the public with convenient and timely access to business updates, and financial and non-financial information. Furthermore, stakeholders are able to direct queries to the Group via the website.

5. PRIVACY PROTECTION

One of the core priorities and key factors in driving customer advocacy and trust is protecting our customers' privacy. In the course of doing business, we may collect, use and maintain personal information from employees, customers and consumers. We comply with the Malaysian Personal Data Protection Act, 2010 to protect the private and confidential information of our people and others.

Directors' Responsibility Statement

for the Audited Financial Statements

The Directors are required pursuant to the Act to prepare the financial statements for each financial year in accordance with the applicable Malaysian and 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

Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

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
(Loss)/Profit for the financial year	(16,180,864)	14,842,164
Attributable to:		
Owners of the parent	(9,666,034)	14,842,164
Non-controlling interests	(6,514,830)	-
	(16,180,864)	14,842,164

DIVIDEND

Dividend paid, declared or proposed since the end of the previous financial year was as follows:

	Company RM
In respect of the financial year ended 31 December 2014:	
Final share dividend of one (1) treasury share for every one hundred (100) ordinary shares of RM0.25 each held, credited on 3 August 2015	4,834,774

The Directors do not recommend the payment of any dividend in respect of the current financial year.

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 did not issue 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.

Directors' Report
(Cont'd)

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.

During the financial year, all of the warrants issued remained unexercised.

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the 5th Annual General Meeting held on 25 June 2015, granted mandate to the Company to repurchase up to 10% of its existing issued and paid-up share capital ('Share Buy Back').

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 1,830,000 of its ordinary shares of RM0.25 each from the open market for a total consideration of RM2,246,417 at an average price of RM1.228 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.

On 3 August 2015, the Company distributed 3,869,398 of its treasury shares amounting to RM4,834,774 as final share dividend in respect of financial year ended 31 December 2014. Other than that, none of the treasury shares held were re-sold or cancelled during the financial year.

Of the total 390,920,000 issued and fully paid ordinary shares of RM0.25 each as at 31 December 2015, 435,502 ordinary shares of RM0.25 each amounting to RM419,381 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 390,484,498.

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
Datuk Badil Zaman Bin Fazul Rahman
Loo Choo Hong
Muk Sai Tat
Bernard Lim Soon Chiang
Lam Vun Chiang

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

Directors' Report

(Cont'd)

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 2015 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:

	Number of ordinary shares of RM0.25 each				
Shares in the Company	**Balance as at 1.1.2015**	**Bought**	**Share dividend**	**Sold**	**Balance as at 31.12.2015**
Direct interests					
Ng Chun Kooi	37,342,592	-	373,425	-	37,716,017
Ow Chee Cheoon	32,476,000	-	324,760	-	32,800,760
Dato' Azizan Bin Jaafar	200,000	-	2,000	-	202,000
Datuk Badil Zaman Bin Fazul Rahman	3,380,000	1,500,000	48,800	-	4,928,800
Loo Choo Hong	100,000	-	1,000	-	101,000
Bernard Lim Soon Chiang	9,280,000	-	92,800	-	9,372,800
Indirect interests					
Ng Chun Kooi	64,778,900	-	647,789	-	65,426,689
Ow Chee Cheoon	40,700,000	1,112,000	407,000	-	42,219,000
Dato' Azizan Bin Jaafar	40,700,000	1,112,000	407,000	-	42,219,000
Bernard Lim Soon Chiang	40,700,000	1,112,000	407,000	-	42,219,000

	Number of warrants^			
	Balance as at 1.1.2015	**Bought**	**Sold**	**Balance as at 31.12.2015**
Warrants in the Company				
Direct interests				
Dato' Azizan Bin Jaafar	90,000	-	-	90,000
Datuk Badil Zaman Bin Fazul Rahman	225,000	-	-	225,000
Bernard Lim Soon Chiang	8,446,500	-	-	8,446,500
Indirect interests				
Ng Chun Kooi	29,150,505	-	-	29,150,505
Ow Chee Cheoon	1,500,000	-	-	1,500,000
Dato' Azizan Bin Jaafar	1,500,000	-	-	1,500,000
Bernard Lim Soon Chiang	1,500,000	-	-	1,500,000

^ *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 and Ow Chee Cheoon, are 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 in the Company or ordinary shares, warrants and debentures of its related corporations during the financial year.

Directors' Report

(Cont'd)

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 the 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 to the Directors 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 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.

(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 and of the Company to meet their obligations as and when they fall due.

Directors' Report

(Cont'd)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Cont'd)

(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 EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 40 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
31 March 2016

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 54 to 142 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 2015 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 41 to the financial statements on page 143 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	Ow Chee Cheoon
Director	Director

Kuala Lumpur
31 March 2016

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 54 to 143 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, l960.

Subscribed and solemnly	)
declared by the abovenamed at	)
Kuala Lumpur this	)
31 March 2016	)

Before me:

Independent Auditors' Report

To The Members Of Gabungan AQRS Berhad

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 2015 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 54 to 142.

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 2015 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.

Independent Auditors' Report

To The Members Of Gabungan AQRS Berhad (Cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 41 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

Tang Seng Choon
2011/12/17 (J)
Chartered Accountant

Kuala Lumpur
31 March 2016

Statements Of Financial Position

As At 31 December 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	55,060,953	54,525,731	-	-
Land held for property development	8	90,276,322	87,579,361	-	-
Investment properties	9	38,754,730	-	-	-
Investments in subsidiaries	10	-	-	77,259,639	76,414,637
Investment in an associate	11	3,691,288	3,502,486	-	-
Investment in a joint venture	12	244,404	250,755	255,000	255,000
Deferred tax assets	13	4,527,405	7,097,297	-	-
		192,555,102	152,955,630	77,514,639	76,669,637
Current assets					
Property development costs	14	228,813,135	185,586,425	-	-
Inventories	15	33,609,025	34,410,100	-	-
Trade and other receivables	16	469,432,543	412,503,853	169,896,892	119,262,138
Current tax assets		920,270	1,889,967	-	372,930
Short term funds	17	818,499	1,501,487	818,499	1,501,487
Cash and bank balances	18	42,384,701	46,847,042	921,093	5,577,387
		775,978,173	682,738,874	171,636,484	126,713,942
TOTAL ASSETS		968,533,275	835,694,504	249,151,123	203,383,579
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	19	97,730,000	97,730,000	97,730,000	97,730,000
Reserves	20	223,460,056	235,372,507	117,968,399	105,372,652
		321,190,056	333,102,507	215,698,399	203,102,652
Non-controlling interests	10(f)	1,241,836	7,751,666	-	-
TOTAL EQUITY		322,431,892	340,854,173	215,698,399	203,102,652

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

Statements Of Financial Position

As At 31 December 2015 (Cont'd)

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
LIABILITIES					
Non-current liabilities					
Borrowings	21	82,173,643	12,628,377	-	-
Deferred tax liabilities	13	2,247,359	3,570,554	-	-
		84,421,002	16,198,931	-	-
Current liabilities					
Trade and other payables	23	340,257,306	299,388,614	369,775	280,927
Borrowings	21	211,713,953	160,777,442	33,082,949	-
Current tax liabilities		9,709,122	18,475,344	-	-
		561,680,381	478,641,400	33,452,724	280,927
TOTAL LIABILITIES		646,101,383	494,840,331	33,452,724	280,927
TOTAL EQUITY AND LIABILITIES		968,533,275	835,694,504	249,151,123	203,383,579

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 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Revenue	27	272,510,910	534,163,223	18,000,000	25,480,000
Cost of sales	28	(224,098,762)	(379,906,942)	-	-
Gross profit		48,412,148	154,256,281	18,000,000	25,480,000
Other income		5,716,730	3,066,563	658,015	330,007
Operating costs		(51,925,132)	(45,239,691)	(3,223,164)	(3,322,057)
Finance costs	29	(10,260,520)	(6,003,512)	(590,993)	-
Share of profit of an associate, net of tax		188,802	180,286	-	-
Share of loss of a joint venture, net of tax		(6,351)	(4,245)	-	-
(Loss)/Profit before tax	30	(7,874,323)	106,255,682	14,843,858	22,487,950
Taxation	31	(8,306,541)	(32,954,990)	(1,694)	31,504
(Loss)/Profit for the financial year		(16,180,864)	73,300,692	14,842,164	22,519,454
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive (loss)/income		(16,180,864)	73,300,692	14,842,164	22,519,454
Attributable to:					
Owners of the parent		(9,666,034)	52,948,216	14,842,164	22,519,454
Non-controlling interests	10(f)	(6,514,830)	20,352,476	-	-
		(16,180,864)	73,300,692	14,842,164	22,519,454
(Loss)/Earnings per ordinary share attributable to equity holders of the Company:					
Basic (loss)/earnings per ordinary share (sen)	32	(2.49)	14.41		
Diluted (loss)/earnings per ordinary share (sen)	32	(2.49)	10.04		

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

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2015

Group	Note	Share capital RM (Non-distributable)	Treasury shares RM (Non-distributable)	Share premium RM (Non-distributable)	Retained earnings RM (Distributable)	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2014		88,880,000	(344,308)	56,040,571	106,657,904	251,234,167	10,919,191	262,153,358
Profit for the financial year		-	-	-	52,948,216	52,948,216	20,352,476	73,300,692
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive income		-	-	-	52,948,216	52,948,216	20,352,476	73,300,692
Transactions with owners								
Dividend paid	33	-	-	-	(6,771,231)	(6,771,231)	-	(6,771,231)
Dividend paid to non-controlling interests of a subsidiary	10(g)	-	-	-	-	-	(12,422,901)	(12,422,901)
Dividend-in-kind paid to non-controlling interests of a subsidiary	10(g)	-	-	-	-	-	(11,097,100)	(11,097,100)
Ordinary shares issued pursuant to a private placement	19	8,850,000	-	30,090,000	-	38,940,000	-	38,940,000
Share issue expenses		-	-	(585,215)	-	(585,215)	-	(585,215)
Share repurchased	20(a)	-	(2,663,430)	-	-	(2,663,430)	-	(2,663,430)
Total transactions with owners		8,850,000	(2,663,430)	29,504,785	(6,771,231)	28,920,124	(23,520,001)	5,400,123
Balance as at 31 December 2014		97,730,000	(3,007,738)	85,545,356	152,834,889	333,102,507	7,751,666	340,854,173
Balance as at 1 January 2015		97,730,000	(3,007,738)	85,545,356	152,834,889	333,102,507	7,751,666	340,854,173
Loss for the financial year		-	-	-	(9,666,034)	(9,666,034)	(6,514,830)	(16,180,864)
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive loss		-	-	-	(9,666,034)	(9,666,034)	(6,514,830)	(16,180,864)
Transactions with owners								
Non-controlling interests arising in a business combination	34(a)	-	-	-	-	-	5,000	5,000
Dividend credited via treasury shares	33	-	4,834,774	-	(4,834,774)	-	-	-
Share repurchased	20(a)	-	(2,246,417)	-	-	(2,246,417)	-	(2,246,417)
Total transactions with owners		-	2,588,357	-	(4,834,774)	(2,246,417)	5,000	(2,241,417)
Balance as at 31 December 2015		97,730,000	(419,381)	85,545,356	138,334,081	321,190,056	1,241,836	322,431,892

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

Statement Of Changes In Equity

For The Financial Year Ended 31 December 2015

		← Non-distributable		→	Distributable	
Company	**Note**	**Share capital RM**	**Treasury shares RM**	**Share premium RM**	**Retained earnings RM**	**Total equity RM**
Balance as at 1 January 2014		88,880,000	(344,308)	56,040,571	7,086,811	151,663,074
Profit for the financial year		-	-	-	22,519,454	22,519,454
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	22,519,454	22,519,454
Transactions with owners						
Dividend paid	33	-	-	-	(6,771,231)	(6,771,231)
Ordinary shares issued pursuant to a private placement	19	8,850,000	-	30,090,000	-	38,940,000
Share issue expenses		-	-	(585,215)	-	(585,215)
Share repurchased	20(a)	-	(2,663,430)	-	-	(2,663,430)
Total transactions with owners		8,850,000	(2,663,430)	29,504,785	(6,771,231)	28,920,124
Balance as at 31 December 2014		97,730,000	(3,007,738)	85,545,356	22,835,034	203,102,652
Balance as at 1 January 2015		97,730,000	(3,007,738)	85,545,356	22,835,034	203,102,652
Profit for the financial year		-	-	-	14,842,164	14,842,164
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	14,842,164	14,842,164
Transactions with owners						
Dividend credited via treasury shares	33	-	4,834,774	-	(4,834,774)	-
Share repurchased	20(a)	-	(2,246,417)	-	-	(2,246,417)
Total transactions with owners		-	2,588,357	-	(4,834,774)	(2,246,417)
Balance as at 31 December 2015		97,730,000	(419,381)	85,545,356	32,842,424	215,698,399

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(7,874,323)	106,255,682	14,843,858	22,487,950
Adjustments for:					
Bad debts written off		-	3,366	-	-
Depreciation of property, plant and equipment	7	12,374,357	5,786,697	-	-
Dividend income		-	-	(18,000,000)	(25,480,000)
Impairment loss on other receivables	16(g)	154,815	-	-	-
Interest expense	29	10,260,520	6,003,512	590,993	-
Interest income		(1,138,131)	(1,803,074)	(658,015)	(330,007)
Net gain on disposals of:					
- property, plant and equipment		(212,687)	(181,334)	-	-
- other investments		-	(7,979)	-	-
Property, plant and equipment written off	7	9,577	127,635	-	-
Share of profit of an associate, net of tax		(188,802)	(180,286)	-	-
Share of loss of a joint venture, net of tax		6,351	4,245	-	-
Operating profit/(loss) before changes in working capital		13,391,677	116,008,464	(3,223,164)	(3,322,057)
Changes in working capital:					
Property development costs		(43,226,710)	(15,595,743)	-	-
Inventories		801,075	-	-	-
Trade and other receivables		(57,033,505)	(114,821,635)	(853,757)	1,349,447
Trade and other payables		40,868,692	47,759,081	59,540	(535,046)
Cash (used in)/generated from operations		(45,198,771)	33,350,167	(4,017,381)	(2,507,656)
Interest paid		(8,996,239)	(5,280,859)	(590,993)	-
Interest received		1,138,131	1,803,074	67,022	330,007
Tax paid		(15,229,385)	(26,677,772)	(1,694)	-
Tax refunded		373,016	3,400	372,930	-
Net cash (used in)/from operating activities		(67,913,248)	3,198,010	(4,170,116)	(2,177,649)

Statements Of Cash Flows

For The Financial Year Ended 31 December 2015 (Cont'd)

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(49,160,696)	(65,338,812)
Acquisitions of:					
- subsidiaries for cash, net of cash acquired		(45,000)	-	(45,002)	(2,000,002)
- additional interest in a wholly- owned subsidiary		-	-	(800,000)	-
- interest in a joint venture	12(c)	-	(252,000)	-	(252,000)
- interest in an associate		-	(3,322,200)	-	-
Dividends received		-	-	18,000,000	25,480,000
Progress payments for investment properties under construction		(38,754,730)	-	-	-
Proceeds from disposals of:					
- property, plant and equipment		266,745	216,145	-	-
- other investments		-	10,094	-	-
Purchases of:					
- property, plant and equipment	7(a)	(7,097,414)	(27,387,277)	-	-
- land held for property development		(2,696,961)	(27,433,548)	-	-
Placements of fixed deposits pledged		(413,411)	(624,849)	(818,000)	-
Withdrawals of short term funds		-	980,393	-	980,393
Net cash used in investing activities		(48,740,771)	(57,813,242)	(32,823,698)	(41,130,421)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(1,264,281)	(722,653)	-	-
Dividends paid	33	-	(6,771,231)	-	(6,771,231)
Dividend paid to non-controlling interests of a subsidiary	10(g)	-	(12,422,901)	-	-
Shares repurchased	20(a)	(2,246,417)	(2,663,430)	(2,246,417)	(2,663,430)
Proceeds from issuance of ordinary shares	19	-	38,940,000	-	38,940,000
Payments of share issue expenses		-	(585,215)	-	(585,215)
Drawdowns of revolving credits		15,000,000	5,000,000	-	-
Drawdowns of term loans		148,956,761	32,695,513	33,082,949	-
Repayments of revolving credits		(1,300,000)	-	-	-
Repayments of term loans		(12,268,472)	(50,011,503)	-	-
Repayments of hire-purchase creditors		(9,373,465)	(3,993,515)	-	-
Net cash from/(used in) financing activities		137,504,126	(534,935)	30,836,532	28,920,124

Statements Of Cash Flows

For The Financial Year Ended 31 December 2015 (Cont'd)

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
Net increase/(decrease) in cash and cash equivalents		20,850,107	(55,150,167)	(6,157,282)	(14,387,946)
Cash and cash equivalents at beginning of financial year		(85,660,197)	(30,510,030)	7,078,874	21,466,820
Cash and cash equivalents at end of financial year	18	(64,810,090)	(85,660,197)	921,592	7,078,874

Material non-cash transactions taken into consideration in the preparation of the statements of cash flows were as follows:

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
Share dividend credited via treasury shares	33	4,834,774	-	4,834,774	-
Dividend-in-kind via allocation of properties	10(g)	-	11,097,100	-	-
Transfer of property development costs to inventories	14	-	32,595,985	-	-
Transfer of deposit paid to land held for property development		-	12,482,801	-	-

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

Notes To The Financial Statements

31 December 2015

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 H-73-1, Block H, 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 2015 comprise the Company and its subsidiaries and the interests of the Group in an associate and 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 31 March 2016.

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 as set out on pages 54 to 142 have been prepared in accordance with Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 41 to the financial statements as set out on page 143 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

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:

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

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.2 Basis of consolidation (Cont'd)

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.

4.3 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 Pay*ment 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.3 Business combinations (Cont'd)

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.

4.4 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 20%
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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.4 Property, plant and equipment and depreciation (Cont'd)

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.

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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

4.7 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 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.8 Investment properties (Cont'd)

After initial recognition, investment properties are stated at cost less 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.

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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.9 Investments (Cont'd)

(b) Associate

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investment of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.9 Investments (Cont'd)

(c) 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. The Group has determined that its joint arrangement is a joint venture (Note 12).

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:

(a) The structure of the joint arrangement;
(b) The legal form of joint arrangements structured through a separate vehicle;
(c) The contractual terms of the joint arrangement agreement; and
(d) 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

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.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associate's identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.12 Financial instruments (Cont'd)

(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.

(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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.12 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

(iv) Available-for-sale financial assets (Cont'd)

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 consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

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.

(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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.12 Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

(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 each 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.

(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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.12 Financial instruments (Cont'd)

(c) Equity (Cont'd)

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 Companies Act, 1965 in Malaysia.

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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.14 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries, an associate and a joint venture), inventories, 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 on 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.

4.15 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.15 Borrowing costs (Cont'd)

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:

(a) The same taxable entity; or

(b) 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

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 discloses 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.19 Employee benefits (Cont'd)

(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.

4.20 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Company.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of each reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

4.21 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.21 Revenue recognition (Cont'd)

(b) Completed properties held for sale

Revenue from the sales of completed properties held for sale is recognised as and when the transfer of significant risks and rewards of ownership to the buyer and upon signing and completion of sale and purchase agreement has been completed.

(c) 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 would 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 would be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

(d) Interest income

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

(e) Dividend income

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

(f) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

4.22 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.22 Operating segments (Cont'd)

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.

4.23 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

4.24 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 119 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Amendments to FRSs *Annual Improvements 2010 - 2012 Cycle*	1 July 2014
Amendments to FRSs *Annual Improvements 2011-2013 Cycle*	1 July 2014

There is no material effect upon the adoption of these Amendments during the financial year.

Notes To The Financial Statements

31 December 2015 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

5.2 New FRSs that have been issued but only effective for annual periods beginning on or after 1 January 2016

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
FRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 116 and FRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRSs *Annual Improvements to 2012-2014 Cycle*	1 January 2016
Amendments to FRS 101 *Disclosure Initiative*	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 9 Financial Instruments *(IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to FRS 10 and FRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

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

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

The Group and Company are Transitioning Entities ('TE') as defined by MASB and are expected to apply the following Standards of the Malaysian Financial Reporting Standards ('MFRS') Framework for the financial year ending 31 December 2018.

Title

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
MFRS 2 *Share-based Payment*
MFRS 3 *Business Combinations*
MFRS 4 *Insurance Contracts*
MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
Amendments to MFRS 5 *(Annual Improvements to MFRSs 2012-2014 Cycle)*
MFRS 6 *Exploration for and Evaluation of Mineral Resources*
MFRS 7 *Financial Instruments: Disclosures*
Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009), MFRS 9 (IFRS 9 issued by IASB in October 2010) and MFRS 7)
Amendments to MFRS 7 *(Annual Improvements to MFRSs 2012-2014 Cycle)*
MFRS 8 *Operating Segments*
MFRS 9 *Financial Instruments*
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009) [will be superseded by MFRS 9 (IFRS 9 as issued (by IASB in July 2014)]
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010) [will be superseded by MFRS 9 (IFRS 9 as issued (by IASB in July 2014)]
MFRS 9 (Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139) [will be (superseded by MFRS 9 (IFRS 9 as issued by IASB in July 2014)]

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

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

Title

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 10 *Consolidated Financial Statements*
Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities: Applying the Consolidation Exception*
MFRS 11 *Joint Arrangements*
Amendments to MFRS *11 Accounting for Acquisitions of Interests in Joint Operations*
MFRS 12 *Disclosure of Interests in Other Entities*
MFRS 13 *Fair Value Measurement*
MFRS 14 *Regulatory Deferral Accounts*
MFRS 15 *Revenue from Contracts with Customers*
MFRS 101 *Presentation of Financial Statements*
Amendments to MFRS 101 *Disclosure Initiative*
MFRS 102 *Inventories*
MFRS 107 *Statement of Cash Flows*
MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
MFRS 110 *Events After the Reporting Period*
MFRS 112 *Income Taxes*
MFRS 116 *Property, Plant and Equipment*
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*
MFRS 117 *Leases*
MFRS 119 *Employee Benefits (revised)*
Amendments to MFRS 119 *(Annual Improvements to MFRSs 2012-2014 Cycle)*
MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*
MFRS 121 *The Effects of Changes in Foreign Exchange Rates*
MFRS 123 *Borrowing Costs*
MFRS 124 *Related Party Disclosures*
MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*
MFRS 127 *Separate Financial Statements*
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*
MFRS 128 *Investments in Associates and Joint Ventures*
MFRS 129 *Financial Reporting in Hyperinflationary Economies*
MFRS 132 *Financial Instruments: Presentation*
MFRS 133 *Earnings Per Share*
MFRS 134 *Interim Financial Reporting*
Amendments to MFRS 134 *(Annual Improvements to MFRSs 2012-2014 Cycle)*
MFRS 136 *Impairment of Assets*
MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*
MFRS 138 *Intangible Assets*
MFRS 139 *Financial Instruments: Recognition and Measurement*
MFRS 140 *Investment Property*
MFRS 141 *Agriculture*
Annual Improvements to MFRSs 2012 - 2014 Cycle
IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*
IC Interpretation 4 *Determining Whether an Arrangement Contains a Lease*
IC Interpretation 5 *Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

Notes To The Financial Statements

31 December 2015 (Cont'd)

5. ADOPTION OF NEW FRSs AND AMENDMENT TO FRSs (Cont'd)

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

Title

IC Interpretation 6 *Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment*
IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyper inflationary Economies*
IC Interpretation 9 *Reassessment of Embedded Derivatives*
IC Interpretation 10 *Interim Financial Reporting and Impairment*
IC Interpretation 12 *Service Concession Arrangements*
IC Interpretation 14 *MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
IC Interpretation 21 *Levies*
IC Interpretation 107 *Introduction of the Euro*
IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*
IC Interpretation 115 *Operating Leases - Incentives*
IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*
IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*
IC Interpretation 129 *Service Concession Arrangements: Disclosures*
IC Interpretation 132 *Intangible Assets - Web Site Costs*

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 2018.

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 between investment properties and property, plant and equipment

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

Notes To The Financial Statements

31 December 2015 (Cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

6.2 Critical judgements made in applying accounting policies (Cont'd)

(b) 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.*

(c) 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.

(d) 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 the business.

(e) 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.

(f) 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 provides rights to the net assets and is therefore, classified as a joint venture.

(g) Significant influence

Significant influence is presumed to exist when an entity hold twenty percent (20%) or more of the voting rights of another entity, unless it can be clearly demonstrated otherwise. The Group has board representations and holds a 49% equity interest in SEDCO Precast Sdn. Bhd. for which the Group has determined that it has significant influence.

(h) Operating lease commitments - the Group as lessor

The Group has entered into a commercial lease on its plant and machinery. The Group has determined that it retains all the significant risks and rewards of ownership of these assets, which are leased out as operating lease due to the lease period of two (2) years out of the economic useful lives of the plant and machinery of five (5) years.

Notes To The Financial Statements

31 December 2015 (Cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

6.3 Key sources of estimation uncertainty

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

(a) 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 historical experience of the Group with similar assets and taking into account anticipate 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, unabsorbed capital allowances and other deductible temporary differences 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.

(c) Impairment of 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 statements of profit or loss and other comprehensive income 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 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.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

6.3 Key sources of estimation uncertainty (Cont'd)

(f) Construction contract

The Group recognises construction contract revenue and expenses in the statements of profit or loss and other comprehensive income by using the stage 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) 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 would 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.

(h) 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.

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

The management reviews the investments in subsidiaries for impairment when there is an indication of impairment and assesses 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

6.3 Key sources of estimation uncertainty (Cont'd)

(j) Fair value measurement

The financial and non-financial assets and liabilities that are measured subsequent to initial recognition at fair value are grouped into Level 1 to Level 3 based on the degree to which the fair value inputs are observable.

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

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) Short term funds, Note 17 to the financial statements; and
(ii) Financial instruments, Note 38 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2015 RM	Additions RM	Disposals RM	Written off RM	Reclassifications RM	Depreciation charge for the financial year RM	Balance as at 31.12.2015 RM
Carrying amount							
Leasehold land and building	14,447,751	839	-	-	-	(389,562)	14,059,028
IT equipment	526,506	63,543	(4,682)	(3,568)	-	(200,099)	381,700
Furniture and fittings	2,293,740	1,831,858	-	(79)	(5,363)	(312,719)	3,807,437
Motor vehicles	4,759,582	138,000	(24,090)	-	-	(1,770,556)	3,102,936
Office and computer equipment	2,038,368	152,147	(25,286)	(4,535)	5,364	(466,410)	1,699,648
Operation and construction equipment	20,851,992	3,214,077	-	(1,395)	385,926	(5,562,678)	18,887,922
Plant, machinery and cabins	9,607,791	7,572,750	-	-	(385,926)	(3,672,333)	13,122,282
Signboard	1	-	-	-	(1)	-	-
	54,525,731	12,973,214	(54,058)	(9,577)	-	(12,374,357)	55,060,953

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	At 31.12.2015 Cost RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land and building	14,497,140	(438,112)	14,059,028
IT equipment	1,345,946	(964,246)	381,700
Furniture and fittings	5,066,890	(1,259,453)	3,807,437
Motor vehicles	9,017,360	(5,914,424)	3,102,936
Office and computer equipment	3,834,628	(2,134,980)	1,699,648
Operation and construction equipment	28,886,421	(9,998,499)	18,887,922
Plant, machinery and cabins	17,822,605	(4,700,323)	13,122,282
	80,470,990	(25,410,037)	55,060,953

Group	Balance as at 1.1.2014 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2014 RM
Carrying amount						
Leasehold land and building	4,494,027	10,093,710	-	-	(139,986)	14,447,751
IT equipment	660,081	62,307	-	-	(195,882)	526,506
Furniture and fittings	1,566,901	938,059	-	(178)	(211,042)	2,293,740
Motor vehicles	5,334,299	1,045,188	(23,183)	(114,960)	(1,481,762)	4,759,582
Office and computer equipment	941,556	1,516,160	(11,628)	(12,497)	(395,223)	2,038,368
Operation and construction equipment	2,914,811	20,337,538	-	-	(2,400,357)	20,851,992
Plant, machinery and cabins	2,118,890	8,451,297	-	-	(962,396)	9,607,791
Signboard	50	-	-	-	(49)	1
	18,030,615	42,444,259	(34,811)	(127,635)	(5,786,697)	54,525,731

	At 31.12.2014 Cost RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land and building	14,873,869	(426,118)	14,447,751
IT equipment	1,298,725	(772,219)	526,506
Furniture and fittings	3,263,306	(969,566)	2,293,740
Motor vehicles	10,016,207	(5,256,625)	4,759,582
Office and computer equipment	3,711,615	(1,673,247)	2,038,368
Operation and construction equipment	24,936,430	(4,084,438)	20,851,992
Plant, machinery and cabins	10,999,760	(1,391,969)	9,607,791
Signboard	500	(499)	1
	69,100,412	(14,574,681)	54,525,731

Notes To The Financial Statements

31 December 2015 (Cont'd)

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

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

	Group	
	2015 RM	2014 RM
Purchase of property, plant and equipment	12,973,214	42,444,259
Financed by hire-purchase arrangements	(5,875,800)	(15,056,982)
Cash payments on purchase of property, plant and equipment	7,097,414	27,387,277

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

	Group	
	2015 RM	2014 RM
Motor vehicles	2,864,309	4,568,013
Operation and construction equipment	10,210,100	12,425,395
Plant, machinery and cabins	11,133,890	6,962,026
	24,208,299	23,955,434

(c) As at the end of the reporting period, leasehold land and building with a carrying amount of RM3,337,564 (2014: RM3,411,587) 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.

(d) In the previous financial year, the Company acquired leasehold land and building of RM3,200,000 from related parties.

8. LAND HELD FOR PROPERTY DEVELOPMENT

Group 2015	Balance as at 1.1.2015 RM	Additions RM	Balance as at 31.12.2015 RM
Carrying amount			
Leasehold land	84,919,493	1,062,261	85,981,754
Development costs	2,659,868	1,634,700	4,294,568
	87,579,361	2,696,961	90,276,322

Notes To The Financial Statements

31 December 2015 (Cont'd)

8. LAND HELD FOR PROPERTY DEVELOPMENT (Cont'd)

	At 31.12.2015		
	Cost RM	Accumulated impairment loss RM	Carrying amount RM
Leasehold land	85,981,754	-	85,981,754
Development costs	4,294,568	-	4,294,568
	90,276,322	-	90,276,322

Group **2014**	Balance as at 1.1.2014 RM	Additions RM	Balance as at 31.12.2014 RM
Carrying amount			
Leasehold land	47,296,781	37,622,712	84,919,493
Development costs	366,231	2,293,637	2,659,868
	47,663,012	39,916,349	87,579,361

	At 31.12.2014		
	Cost RM	Accumulated impairment loss RM	Carrying amount RM
Leasehold land	84,919,493	-	84,919,493
Development costs	2,659,868	-	2,659,868
	87,579,361	-	87,579,361

As at the end of the reporting period, leasehold land held for property development with carrying amounts of RM86,190,026 (2014: RM49,274,781) were pledged to licensed banks for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

Notes To The Financial Statements

31 December 2015 (Cont'd)

9. INVESTMENT PROPERTIES

Group	Balance as at 1.1.2015 RM	Additions RM	Balance as at 31.12.2015 RM
Carrying amount			
Buildings under construction	-	38,754,730	38,754,730

	Cost RM	At 31.12.2015 Accumulated depreciation RM	Carrying amount RM
Buildings under construction	38,754,730	-	38,754,730

(a) Investment properties comprise buildings under construction, which are in respect of the provision of accommodation on base-camp concept that are to be leased to a third party.

(b) As at the end of the reporting period, the Group was unable to estimate reliably the fair values of the investment properties that were currently under construction.

(c) Additions to investment properties incurred during the financial year include interest expense of RM455,898. Interest is capitalised at rate of 7.61% per annum.

10. INVESTMENTS IN SUBSIDIARIES

	Company 2015 RM	2014 RM
Unquoted equity shares in Malaysia, at cost	79,885,008	79,040,006
Less: Impairment loss	(2,625,369)	(2,625,369)
Balance at 31 December	77,259,639	76,414,637

Notes To The Financial Statements

31 December 2015 (Cont'd)

10. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

Name of company	Interest in equity held by Company 2015	Company 2014	Subsidiaries 2015	Subsidiaries 2014	Principal activities
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%	100%	-	-	Dormant
Gabungan AQRS Properties Sdn. Bhd.	100%	100%	-	-	Property investment
Gabungan AQRS Management Sdn. Bhd.	100%	100%	-	-	Provision of management services
Gabungan AQRS Capital Sdn. Bhd.	100%	100%	-	-	Dormant
GBG Properties (Sabah) Sdn. Bhd.	100%	-	-	-	Property development
Trusvest Sdn. Bhd.	90%	-	-	-	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%	Dormant
Bright Reach Sdn. Bhd.	-	-	100%	100%	Investment holding
Subsidiary of Prestige Field Development Sdn. Bhd.					
Estet Etos Sdn. Bhd.	-	-	100%	100%	Property investment
Subsidiary of Bright Reach Sdn. Bhd.					
Crystal Aspect Sdn. Bhd.	-	-	100%	100%	Property development

All subsidiaries are audited by BDO.

Notes To The Financial Statements

31 December 2015 (Cont'd)

10. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(a) On 5 February 2015, the Company acquired 45,000 ordinary shares of RM1.00 each in Trusvest Sdn. Bhd. ('Trusvest'), a company incorporated in Malaysia, for a total cash consideration of RM45,000, representing 90% equity interest in Trusvest. The effect of the acquisition is disclosed in Note 34(a) to the financial statements.

(b) On 9 April 2015, the Company acquired the entire issued and paid up share capital of GBG Properties (Sabah) Sdn. Bhd. ('GBGPS'), 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.

(c) In the previous financial year, on 30 January 2014, the Company acquired the entire issued and paid up share capital of Gabungan AQRS Management Sdn. Bhd. ('GAM'), 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.

(d) In the previous financial year, on 19 May 2014, the Company acquired the entire issued and paid up share capital of Gabungan AQRS Capital Sdn. Bhd. ('GAC'), a company incorporated in Malaysia, for a cash consideration of RM2.

Subsequently, on 22 May 2014, the Company subscribed for an additional 1,999,998 ordinary shares of RM1.00 each at par for cash in GAC pursuant to the allotment of shares carried out by GAC. Upon completion of the shares allotment, GAC remained as a wholly-owned subsidiary of the Company. The effect of the acquisition was disclosed in Note 34(d) to the financial statements.

(e) In the previous financial year, on 12 November 2014, the Company announced that, Prestige Field Development Sdn. Bhd. ('Prestige'), a 52% owned subsidiary of the Company acquired the entire issued and paid up share capital of Estet Etos Sdn. Bhd. ('EESB'), a company incorporated in Malaysia, for a cash consideration of RM2. The effect of the acquisition was disclosed in Note 34(e) to the financial statements.

(f) The subsidiaries of the Group that have non-controlling interests ('NCI') are as follows:

	Prestige Field Development Sdn. Bhd.	Estet Etos Sdn. Bhd.	Trusvest Sdn. Bhd.	Total
2015				
NCI percentage of ownership interest and voting interests	48%	48%	10%	
Carrying amount of NCI (RM)	2,004,107	(482,990)	(279,281)	1,241,836
Loss allocated to NCI (RM)	(5,748,518)	(482,031)	(284,281)	(6,514,830)

	Prestige Field Development Sdn. Bhd.	Estet Etos Sdn. Bhd.	Total
2014			
NCI percentage of ownership interest and voting interests	48%	48%	
Carrying amount of NCI (RM)	7,752,625	(959)	7,751,666
Profit/(Loss) allocated to NCI (RM)	20,353,436	(960)	20,352,476

Notes To The Financial Statements

31 December 2015 (Cont'd)

10. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

2015	Prestige Field Development Sdn. Bhd. RM	Estet Etos Sdn. Bhd. RM	Trusvest Sdn. Bhd. RM
Assets and liabilities			
Non-current assets	54,372,542	-	54,328,152
Current assets	23,065,282	23,612	3,122,206
Non-current liabilities	(32,573,349)	-	(28,441,830)
Current liabilities	(39,743,424)	(1,029,841)	(29,231,977)
Net assets/(liabilities)	5,121,051	(1,006,229)	(223,449)
Results			
Revenue	(12,028,700)	-	-
Loss for the financial year	(11,274,679)	(1,004,231)	(273,449)
Total comprehensive loss	(11,274,679)	(1,004,231)	(273,449)
Cash flows (used in)/from operating activities	(1,483,033)	(758,406)	18,642,232
Cash flows (used in)/from investing activities	(48,638,569)	772,016	(53,650,390)
Cash flows from financing activities	53,661,588	-	35,018,141
Net increase in cash and cash equivalents	3,539,986	13,610	9,983

2014	Prestige Field Development Sdn. Bhd. RM	Estet Etos Sdn. Bhd. RM
Assets and liabilities		
Non-current assets	52,078,010	-
Current assets	68,942,772	10,002
Non-current liabilities	(107,554)	-
Current liabilities	(104,517,498)	(12,000)
Net assets/(liabilities)	16,395,730	(1,998)

Notes To The Financial Statements

31 December 2015 (Cont'd)

10. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

2014	**Prestige Field Development Sdn. Bhd. RM**	**Estet Etos Sdn. Bhd. RM**
Results		
Revenue	124,052,355	-
Profit/(Loss) for the financial year	40,704,093	(2,000)
Total comprehensive income/(loss)	40,704,093	(2,000)
Cash flows from operating activities	59,291,713	-
Cash flows from investing activities	22,501,571	10,002
Cash flows used in financing activities	(82,629,822)	-
Net (decrease)/increase in cash and cash equivalents	(836,538)	10,002
Dividend paid/payable to NCI*		
- in cash	(12,422,901)	-
- dividend-in-kind	(11,097,100)	-

* *On 1 December 2014, Prestige Field Development Sdn. Bhd. declared an interim single tier dividend in respect of the financial year ended 31 December 2014 of RM98.00 per ordinary share, of which the amount in respect of NCI was RM23,520,001, which was payable on 15 December 2014, via a combination of cash of RM12,422,901 and dividend-in-kind by the allocation of nine (9) units of properties to NCI. The dividend-in-kind was valued at RM11,097,100 at the selling price of the properties.*

(h) 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, restrict the ability of the subsidiary to declare dividends to its shareholder in excess of 30% of its profit before tax or 50% of its profit after tax for each of the financial period, prior to the financial institution's consent. The subsidiary is also required to maintain a net tangible asset position of RM73.0 million at all times and gearing of not more than 1.0 times of its net tangible asset at all time. The subsidiary complied with the above covenants during the financial year.

The covenants of borrowings taken by Prestige Field Development Sdn. Bhd., a 52% owned subsidiary of the Company, restrict the ability of the subsidiary to declare dividends to its shareholders prior to the consent of the financial institution. The subsidiary complied with the above covenant during the financial year.

(ii) Restriction imposed by shareholders' agreements

In one of the non wholly-owned subsidiary of the Company namely Prestige Field Development Sdn. Bhd, 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 AN ASSOCIATE

	Group 2015 RM	Group 2014 RM
Unquoted equity shares, at cost	3,322,200	3,322,200
Share of post-acquisition reserves, net of tax	369,088	180,286
	3,691,288	3,502,486

(a) The details of the associate are as follows:

Name of company	Country of incorporation	Effective interest in equity 2015 %	Effective interest in equity 2014 %	Principal activity
Associate of Sinajasa Sdn. Bhd.				
SEDCO Precast Sdn. Bhd.	Malaysia	49%	49%	Manufacturing and supplying of pre-cast concrete products

The associate is accounted for using the equity method in the consolidated financial statements.

(b) The summarised financial information of the associate are as follows:

2015	SEDCO Precast Sdn. Bhd. RM
Assets and liabilities	
Non-current assets	4,717,786
Current assets	4,243,728
Non-current liabilities	(161,835)
Current liabilities	(1,669,882)
Net assets	7,129,797
Results	
Revenue	10,903,975
Profit for the financial year	385,311
Total comprehensive income	385,311
Cash flows from operating activities	287,879
Cash flows used in investing activities	(253,306)
Cash flows used in financing activities	(224,596)
Net decrease in cash and cash equivalents	(190,023)

Notes To The Financial Statements

31 December 2015 (Cont'd)

11. INVESTMENT IN AN ASSOCIATE (Cont'd)

(b) The summarised financial information of the associate are as follows (Cont'd):

2014	**SEDCO Precast Sdn. Bhd. RM**
Assets and liabilities	
Non-current assets	4,605,348
Current assets	5,559,633
Non-current liabilities	(47,108)
Current liabilities	(3,373,387)
Net assets	6,744,486
Results	
Revenue	10,585,660
Profit for the financial year	372,519
Total comprehensive income	372,519
Cash flows from operating activities	712,765
Cash flows used in investing activities	(511,385)
Cash flows used in financing activities	(248,436)
Net decrease in cash and cash equivalents	(47,056)

(c) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

	SEDCO Precast Sdn. Bhd. RM
As at 31 December 2015	
Share of net assets of the Group	3,493,600
Goodwill	197,688
Carrying amount in the consolidated statement of financial position	3,691,288
Share of results of the Group for the financial year ended 31 December 2015	
Share of profit/other comprehensive income of the Group, net of tax	188,802

Notes To The Financial Statements

31 December 2015 (Cont'd)

11. INVESTMENT IN AN ASSOCIATE (Cont'd)

(c) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows (Cont'd):

	SEDCO Precast Sdn. Bhd. RM
As at 31 December 2014	
Share of net assets of the Group	3,304,798
Goodwill	197,688
Carrying amount in the consolidated statement of financial position	3,502,486
Share of results of the Group for the financial year ended 31 December 2014	
Share of profit/other comprehensive income of the Group, net of tax	180,286

The results of SEDCO Precast Sdn. Bhd. have been accounted for based on the management accounts for the financial years ended 31 December 2015 and 31 December 2014.

12. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unquoted equity shares, at cost	255,000	255,000	255,000	255,000
Share of post-acquisition losses	(10,596)	(4,245)	-	-
	244,404	250,755	255,000	255,000

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

Name of company	Country of incorporation	Effective interest in equity 2015 %	Effective interest in equity 2014 %	Principal activity
Kreatif Sinar Gabungan Sdn. Bhd. ('KSGSB')	Malaysia	30%	30%	Construction

(b) 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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

12. INVESTMENT IN A JOINT VENTURE (Cont'd)

(c) In the previous financial year, on 22 September 2014, the Company subscribed for an additional 252,000 ordinary shares of RM1.00 each at par for cash in KSGSB pursuant to the allotment of shares carried out by KSGSB. Upon completion of the shares allotment, there was no change in the effective equity interest held by the Company in KSGSB.

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

13. DEFERRED TAX

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

	Group	
	2015	**2014**
	RM	**RM**
Balance as at 1 January 2015/2014	3,526,743	3,146,890
Recognised in profit or loss (Note 31)	(1,246,697)	379,853
Balance as at 31 December 2015/2014	2,280,046	3,526,743

Presented after appropriate offsetting:

	Group	
	2015	**2014**
	RM	**RM**
Deferred tax assets, net	4,527,405	7,097,297
Deferred tax liabilities, net	(2,247,359)	(3,570,554)
	2,280,046	3,526,743

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

<u>Deferred tax liabilities of the Group</u>

	Land held for property development RM	**Property, plant and equipment RM**	**Total RM**
At 1 January 2015	1,794,256	2,031,467	3,825,723
Recognised in profit or loss	-	(1,419,093)	(1,419,093)
At 31 December 2015, prior to offsetting	1,794,256	612,374	2,406,630
Set-off of tax			(159,271)
As at 31 December 2015			2,247,359

13. DEFERRED TAX (Cont'd)

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

Deferred tax liabilities of the Group (Cont'd)

	Land held for property development RM	Property, plant and equipment RM	Total RM
At 1 January 2014	1,794,256	938,430	2,732,686
Recognised in profit or loss	-	1,093,037	1,093,037
At 31 December 2014, prior to offsetting	1,794,256	2,031,467	3,825,723
Set-off of tax			(255,169)
At 31 December 2014			3,570,554

Deferred tax assets of the Group

	Property development costs RM	Unused tax losses and unabsorbed capital allowances RM	Provisions RM	Total RM
At 1 January 2015	2,583,132	3,246,891	1,522,443	7,352,466
Recognised in profit or loss	1,944,273	(3,096,412)	(1,513,651)	(2,665,790)
At 31 December 2015, prior to offsetting	4,527,405	150,479	8,792	4,686,676
Set-off of tax				(159,271)
At 31 December 2015				4,527,405
At 1 January 2014	2,860,878	1,394,234	1,624,464	5,879,576
Recognised in profit or loss	(277,746)	1,852,657	(102,021)	1,472,890
At 31 December 2014, prior to offsetting	2,583,132	3,246,891	1,522,443	7,352,466
Set-off of tax				(255,169)
At 31 December 2014				7,097,297

Notes To The Financial Statements

31 December 2015 (Cont'd)

13. DEFERRED TAX (Cont'd)

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

	Group 2015 RM	Group 2014 RM
Unused tax losses, gross	30,760,802	6,516,412
Unabsorbed capital allowances, gross	879,483	251,680
Other deductible temporary differences, gross	1,566,793	1,823,832
	33,207,078	8,591,924

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries 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 2015 RM	Group 2014 RM
Balance as at 1 January 2015/2014		
- Freehold land	56,505,332	46,505,332
- Leasehold land	95,177,766	95,177,766
- Development costs	248,196,009	137,163,604
- Accumulated costs charged to profit or loss	(179,882,582)	(74,445,920)
- Transfers of completed projects	(34,410,100)	(1,814,115)
	185,586,425	202,586,667
Add: Costs incurred during the year		
- Freehold land	11,700,000	10,000,000
- Development costs	51,257,291	111,032,405
	62,957,291	121,032,405
Less: Costs recognised in profit or loss	(19,730,581)	(105,436,662)
Less: Transfers of completed projects	-	(32,595,985)
Less: Completed developments		
- Freehold land	(12,552,969)	-
- Leasehold land	(42,821,156)	-
- Development costs	(65,441,103)	-
- Accumulated costs charged to profit or loss	86,405,128	-
- Transfers of completed projects	34,410,100	-
	-	-
Balance as at 31 December 2015/2014	228,813,135	185,586,425

Notes To The Financial Statements

31 December 2015 (Cont'd)

14. PROPERTY DEVELOPMENT COSTS (Cont'd)

(a) As at the end of the reporting period, included in the property development costs of the Group are freehold land and development costs with carrying amounts of RM67,232,941 (2014: RM40,000,000), which were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 21(b) to the financial statements.

In the previous financial year, included in the property development costs of the Group was leasehold land with a carrying amount of RM45,759,186, which was charged to a financial institution for banking facility granted to the Group as disclosed in Note 21(b) to the financial statements. The leasehold land was discharged on 29 October 2015 as the banking facility was fully settled during the current financial year.

(b) Freehold land under development of RM51,700,000 (2014: RM40,000,000) 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.

(c) Additions to aggregate costs incurred during the financial year include interest expense of RM3,798,483 (2014: RM2,297,254). Interest is capitalised at rate of 7.10% (2014: 6.97%) per annum.

15. INVENTORIES

	Group	
	2015 RM	2014 RM
At cost		
Completed properties	33,609,025	34,410,100

(a) As at the end of the reporting period, included in inventories of the Group are completed properties with carrying amounts of RM28,358,843 (2014: Nil), which were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

(b) During the financial year, inventories of the Group recognised as cost of sales, net of reversal of sales amounted to RM178,704 (2014: Nil).

16. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Trade receivables					
Third parties		252,041,355	223,221,311	-	-
Related parties		343,595	8,335,633	-	-
Retention sums		59,820,223	53,180,315	-	-
Accrued billings		56,838,513	76,849,109	-	-
Amounts due from contract customers					
- Third parties	24	52,583,713	27,191,501	-	-
		421,627,399	388,777,869	-	-

Notes To The Financial Statements

31 December 2015 (Cont'd)

16. TRADE AND OTHER RECEIVABLES (Cont'd)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Other receivables					
Other receivables		37,327,699	15,015,997	-	-
Amounts owing from subsidiaries		-	-	168,879,961	119,098,964
Deposits		2,905,913	6,158,202	151,300	121,300
		40,233,612	21,174,199	169,031,261	119,220,264
Less: Impairment loss					
- Other receivables		(154,815)	-	-	-
		40,078,797	21,174,199	169,031,261	119,220,264
Loans and receivables		461,706,196	409,952,068	169,031,261	119,220,264
Prepayments		7,726,347	2,551,785	865,631	41,874
		469,432,543	412,503,853	169,896,892	119,262,138

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2014: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(b) 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 and amounts owing from contract customers, which represent progress billings on construction contracts, amounting to RM43,203 (2014: RM8,035,241) and RM300,392 (2014: RM300,392) respectively.

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

	Group 2015 RM	Group 2014 RM
Within one (1) year	17,797,472	17,065,187
Within two (2) years	42,022,751	36,115,128
	59,820,223	53,180,315

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

(e) All receivables (excluding prepayments) are denominated in Ringgit Malaysia.

16. TRADE AND OTHER RECEIVABLES (Cont'd)

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

	Group	
	2015 RM	2014 RM
Neither past due nor impaired	205,304,244	242,322,823
Past due, not impaired		
1 - 30 days	8,084,547	46,012,066
31 - 120 days	41,409,416	48,611,544
More than 120 days	166,829,192	51,831,436
	216,323,155	146,455,046
Past due and impaired	-	-
	421,627,399	388,777,869

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 21% (2014: 32%) of the trade receivables of the Group arise from customers with more than two (2) 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 with long business relationship with the Group and have active transactions. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management.

(g) The reconciliation of movements in the impairment loss is as follows:

	Group	
	2015 RM	2014 RM
Other receivables		
At 1 January	-	1,179,838
Charge for the financial year (Note 30)	154,815	-
Written off	-	(1,179,838)
At 31 December	154,815	-
	154,815	-

Other receivables that were individually determined to be impaired at the end of the reporting period related to those receivables that exhibited significant financial difficulties and had defaulted on payments. These receivables were not secured by any collateral or credit enhancements.

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

Notes To The Financial Statements

31 December 2015 (Cont'd)

17. SHORT TERM FUNDS

	Group and Company	
	2015	2014
	RM	RM
Financial assets at fair value through profit or loss		
Fixed income trust funds in Malaysia	818,499	1,501,487

(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) Short term funds of the Group and of the Company 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 BANK BALANCES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Cash and bank balances	6,678,094	11,553,846	103,093	5,577,387
Fixed deposits with licensed banks	35,706,607	35,293,196	818,000	-
	42,384,701	46,847,042	921,093	5,577,387

(a) Fixed deposits with licensed banks of the Group and of the Company were pledged as securities for banking facilities granted to the Group and to the Company 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 (2014: one (1) month to one (1) year). Included in fixed deposits of the Group is an amount of RM579,000 (2014: Nil) held as collateral in the Financial Servicing Reserve Account by a financial institution and is non-interest bearing.

(c) Included in cash and bank balances of the Group is a balance of RM1,718,700 (2014: RM3,825,952) 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, 2015, which is not available for general use by the Group.

(d) All cash and bank balances are denominated in Ringgit Malaysia.

(e) Information on financial risks of cash and bank balances is disclosed in Note 39 to the financial statements.

Notes To The Financial Statements

31 December 2015 (Cont'd)

18. CASH AND BANK BALANCES (Cont'd)

(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:

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Cash and bank balances		6,678,094	11,553,846	103,093	5,577,387
Fixed deposits with licensed banks		35,706,607	35,293,196	818,000	-
Short term funds	17	818,499	1,501,487	818,499	1,501,487
		43,203,200	48,348,529	1,739,592	7,078,874
Less:					
Bank overdrafts included in borrowings	21	(72,306,683)	(98,715,530)	-	-
Fixed deposits pledged	18(a)	(35,706,607)	(35,293,196)	(818,000)	-
		(64,810,090)	(85,660,197)	921,592	7,078,874

19. SHARE CAPITAL

	Group and Company			
	2015		2014	
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.25 each:				
Authorised	2,000,000,000	500,000,000	2,000,000,000	500,000,000
Issued and fully paid				
Balance as at 1 January	390,920,000	97,730,000	355,520,000	88,880,000
Issued for cash pursuant to a private placement	-	-	35,400,000	8,850,000
Balance as at 31 December	390,920,000	97,730,000	390,920,000	97,730,000

In the previous financial year, the issued and paid-up share capital of the Company was increased from RM88,880,000 to RM97,730,000 by way of a private placement of 35,400,000 new ordinary shares of RM0.25 each at an issue price of RM1.10 per ordinary share for cash and for working capital purposes.

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 residual assets of the Company.

Notes To The Financial Statements

31 December 2015 (Cont'd)

19. SHARE CAPITAL (Cont'd)

Warrants

On 25 July 2013, a total of 159,984,000 free Warrants were issued 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 financial year, all of the warrants issued remained unexercised.

20. RESERVES

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Non-distributable					
Treasury shares	(a)	(419,381)	(3,007,738)	(419,381)	(3,007,738)
Share premium	(b)	85,545,356	85,545,356	85,545,356	85,545,356
Distributable					
Retained earnings		138,334,081	152,834,889	32,842,424	22,835,034
		223,460,056	235,372,507	117,968,399	105,372,652

(a) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the 5th Annual General Meeting held on 25 June 2015, granted mandate to the Company to repurchase up to 10% of its existing issued and paid-up share capital ('Share Buy Back'). 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 1,830,000 (2014: 2,163,400) of its ordinary shares of RM0.25 each from the open market for a total consideration of RM2,246,417 (2014: RM2,663,430) at an average price of RM1.228 (2014: RM1.231) 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.

20. RESERVES (Cont'd)

(a) Treasury shares (Cont'd)

On 3 August 2015, the Company distributed 3,869,398 of its treasury shares amounting to RM4,834,774 as final share dividend in respect of financial year ended 31 December 2014. Other than that, none of the treasury shares held were re-sold or cancelled during the financial year.

Of the total 390,920,000 (2014: 390,920,000) issued and fully paid ordinary shares of RM0.25 each as at the end of each reporting period, 435,502 (2014: 2,474,900) ordinary shares of RM0.25 each amounting to RM419,381 (2014: RM3,007,738) 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 390,484,498 (2014: 388,445,100).

(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

		Group		Company	
		2015	**2014**	**2015**	**2014**
	Note	**RM**	**RM**	**RM**	**RM**
Non-current liabilities					
Term loans		76,626,656	862,836	-	-
Hire-purchase creditors	22	5,546,987	11,765,541	-	-
		82,173,643	12,628,377	-	-
Current liabilities					
Term loans		110,689,963	49,765,494	33,082,949	-
Revolving credits		19,100,000	5,400,000	-	-
Hire-purchase creditors	22	9,617,307	6,896,418	-	-
Bank overdrafts		72,306,683	98,715,530	-	-
		211,713,953	160,777,442	33,082,949	-
		293,887,596	173,405,819	33,082,949	-
Total borrowings					
Term loans		187,316,619	50,628,330	33,082,949	-
Revolving credits		19,100,000	5,400,000	-	-
Hire-purchase creditors	22	15,164,294	18,661,959	-	-
Bank overdrafts		72,306,683	98,715,530	-	-
		293,887,596	173,405,819	33,082,949	-

Notes To The Financial Statements

31 December 2015 (Cont'd)

21. BORROWINGS (Cont'd)

(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 a Director and a shareholder of the Company.

(b) Term loans of the Group and of the Company 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) Completed properties under inventories of the Group as disclosed in Note 15 to the financial statements;

(v) Fixed deposits as disclosed in Note 18(a) to the financial statements;

(vi) 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);

(vii) Assignment of a Project Account of a property development project at Mukim Petaling, Daerah Petaling, Selangor (sales proceeds inclusive of profit from sales of the projects);

(viii) Specific Debentures incorporating first fixed and floating charges over all the Projects' assets, both present and future; and

(ix) Assignment of future rental income that is derived from investment properties of the Group.

The term loans are also jointly and severally guaranteed by a Director and a shareholder of the Company.

The term loan of the Company is also guaranteed by a subsidiary of the Company.

(c) Revolving credits of the Group are secured by the following:

(i) Completed properties under inventories of the Group as disclosed in Note 15 to the financial statements; and

(ii) Fixed deposits as disclosed in Note 18(a) to the financial statements.

The revolving credits are also jointly and severally guaranteed by a Director and a shareholder of the Company.

21. BORROWINGS (Cont'd)

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

	2015 RM	2014 RM
Group		
Term loan I was repayable by sixty (60) monthly instalments ranging from RM444,655 to RM452,327 each commencing January 2011	-	4,378,096
Term loan II is repayable by one hundred and eighty (180) equal monthly instalments of RM9,964 each commencing March 2009	768,580	847,459
Term loan III is repayable by sixty (60) equal monthly instalments of RM11,980 each commencing September 2011	95,626	227,264
Term loan IV is repayable based on redemption structure set by a financial institution	59,482,492	45,175,511
Term loan V is repayable by sixty (60) equal monthly instalments of RM421,957 each commencing May 2015	18,918,831	-
Term loan VI is repayable by sixteen (16) equal quarterly instalments commencing May 2016	40,000,000	-
Term loan VII is repayable by fifty-seven (57) equal monthly instalments of RM838,500 each commencing February 2016	34,968,141	-
Group and Company		
Term loan VIII is repayable by bullet repayment on 26 August 2016	33,082,949	-
	187,316,619	50,628,330

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Repayable as follows:				
- within one (1) year	110,689,963	49,765,494	33,082,949	-
- later than one (1) year and not later than five (5) years	76,316,666	452,744	-	-
- later than five (5) years	309,990	410,092	-	-
	187,316,619	50,628,330	33,082,949	-

(e) All borrowings are denominated in Ringgit Malaysia.

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

Notes To The Financial Statements

31 December 2015 (Cont'd)

22. HIRE-PURCHASE CREDITORS

	Group	
	2015 RM	2014 RM
Minimum hire-purchase payments:		
- not later than one (1) year	10,273,749	7,872,532
- later than one (1) year and not later than five (5) years	5,670,485	11,895,344
- later than five (5) years	93,081	564,487
Total minimum hire-purchase payments	16,037,315	20,332,363
Less: Future interest charges	(873,021)	(1,670,404)
Present value of hire-purchase payments	15,164,294	18,661,959
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	9,617,307	6,896,418
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	5,455,956	11,579,476
- later than five (5) years	91,031	186,065
	5,546,987	11,765,541
	15,164,294	18,661,959

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

23. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
Trade payables					
Third parties		62,401,280	47,221,566	-	-
Related parties		52,000	65,000	-	-
Retention sums		59,615,210	54,695,237	-	-
Amounts due to contract customers					
- Third parties	24	91,723,835	58,395,739	-	-
		213,792,325	160,377,542	-	-

23. TRADE AND OTHER PAYABLES (Cont'd)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Other payables					
Other payables		21,608,487	22,040,759	211,121	124,365
Amounts owing to related parties		6,850,216	7,043,117	-	-
Accruals		89,463,619	87,025,498	129,346	156,562
Deposits		461,265	35,000	-	-
Amounts owing to corporate shareholders of a subsidiary		6,875,353	22,145,657	-	-
Amounts owing to Directors		1,206,041	721,041	-	-
Amount owing to a subsidiary		-	-	29,308	-
		126,464,981	139,011,072	369,775	280,927
		340,257,306	299,388,614	369,775	280,927

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 90 days (2014: 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 Director of the subsidiary and his close family member amounting to RM6,993,964 (2014: Nil) that bears interest at rate of 8% (2014: Nil) per annum.

(c) Amounts owing to related parties (non-trade) represent advances and payments made on behalf, which are unsecured, interest-free and repayable upon demand in cash and cash equivalents.

(d) Amounts owing to corporate shareholders of a subsidiary represent advances, payments made on behalf and dividend payable, which are unsecured, interest-free and repayable on demand in cash and cash equivalents, other than an amount owing to a corporate shareholder of a subsidiary amounting to RM3,890,937 (2014: Nil) that bears interest at rate of 8% (2014: Nil) per annum.

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

(f) Amount owing to a subsidiary represents advances and payments made on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents.

(g) All trade and other payables are denominated in Ringgit Malaysia.

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

Notes To The Financial Statements

31 December 2015 (Cont'd)

24. AMOUNTS DUE (TO)/FROM CONTRACT CUSTOMERS

	Group 2015 RM	Group 2014 RM
Aggregate costs incurred to date	1,589,683,065	1,361,094,401
Add: Attributable profits	345,088,542	328,193,558
	1,934,771,607	1,689,287,959
Less: Progress billings	(1,973,911,729)	(1,720,492,197)
	(39,140,122)	(31,204,238)
Amounts due from contract customers (Note 16)	52,583,713	27,191,501
Amounts due to contract customers (Note 23)	(91,723,835)	(58,395,739)
	(39,140,122)	(31,204,238)

Additions to aggregate costs incurred during the financial year included:

	Group 2015 RM	Group 2014 RM
Salaries, bonus and overtime	9,212,553	7,953,454
EPF and Socso contributions	1,149,450	1,002,363
Wages	242,691	708,571
Other benefits	264,913	1,001,014
Rental of:		
- crane	15,324,834	20,834,514
- excavator	4,312,481	7,989,400
- lorries	4,836,911	4,683,832
- plant and machinery	5,927,951	8,652,976
- tractors	760,059	1,703,833
- site office	55,615	105,001
- site quarters	115,502	112,807

25. COMMITMENTS

(a) Operating lease commitments

(i) The Group and the Company as lessee

The Group and the Company had entered into non-cancellable lease agreements for the rental of office buildings, shop lots, leasehold land, 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 and the Company have aggregated future commitments as at the end of each reporting period as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Not later than one (1) year	2,184,200	332,005	102,000	102,000
Later than one (1) year and not later than five (5) years	1,075,765	573,352	280,500	382,500
	2,877,465	905,357	382,500	484,500

(ii) The Group as lessor

The Group has entered into a non-cancellable lease arrangement on plant and machinery for a term of two (2) years.

The Group has aggregate future minimum lease receivables as at the end of the reporting period as follows:

	Group	
	2015	**2014**
	RM	**RM**
Not later than one (1) year	2,100,000	-

(b) Capital commitments

	Group	
	2015	**2014**
	RM	**RM**
Contracted but not provided for		
- Land held for property development	-	17,154,424
- Freehold land held under development	65,300,000	77,000,000
	65,300,000	94,154,424

Notes To The Financial Statements

31 December 2015 (Cont'd)

26. CONTINGENT LIABILITIES

Guarantees	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	-	-	386,838,524	301,693,908
Corporate guarantees given to suppliers in respect of goods supplied to its wholly-owned subsidiaries	-	-	87,459,780	69,080,000
Bank guarantees given by financial institutions in respect of construction and property projects	133,240,916	135,796,255	5,178,532	5,178,532
	133,240,916	135,796,255	479,476,836	375,952,440

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

Litigations

(a) On 4 February 2016, Pembinaan Megah Ikhlas Sdn. Bhd. ('PMI') and Gabungan Strategik Sdn. Bhd. ('GSSB'), both subsidiaries of the Company, were served with a Writ of Summons and Statement of Claim by Profound Projects Sdn. Bhd. ('Profound'). Profound is claiming for a total cost of RM3.3 million for balance sum due for work done.

PMI denied the contention by Profound whereby Profound had executed and completed its work as per the Sub-Contract Agreement dated 21 January 2006. PMI had carried out the remaining construction work on behalf of Profound and had incurred a cost of RM3.4 million. In relation to this, PMI had issued Debit Notes and back-charged Profound in respect of the costs incurred. Consequently, PMI decided to pursue to claim back these costs incurred on behalf of Profound.

In accordance to the Letter of Guarantee dated 21 January 2006 signed, Profound shall indemnify PMI against all losses, damages, costs and expenses incurred by PMI in respect of default in the due performance of works. Besides, PMI reserves any rights to recover any amount by deduction from any money from Profound.

The suit was filed for case management on 17 February 2016. The Court has fixed this matter for further Case Management on 21 April 2016 at the Construction Court.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

Notes To The Financial Statements

31 December 2015 (Cont'd)

26. CONTINGENT LIABILITIES (Cont'd)

Litigations (Cont'd)

(b) On 18 November 2015, AQRS The Building Company Sdn. Bhd. ('AQRS'), a subsidiary of the Company, filed a lawsuit against Goodnite Sdn. Bhd. ('Goodnite') and demanded a sum of RM6.8 million, which comprised land costs paid and development costs amounted to RM5.6 million and RM1.2 million respectively.

AQRS had entered into a Sale and Purchase Agreement ('SPA') with Goodnite for the acquisition of leasehold land located at Sungai Lalang. The SPA entered into between Goodnite and AQRS was subject to the conditions precedent as the existing SPA entered into by Goodnite with another party (Merit Trading Sdn. Bhd. ('Merit') dated 14 August 2014 be duly terminated and the withdrawal of the existing private caveat dated 18 August 2014.

The above conditions precedent had been fulfilled by Goodnite on 19 November 2014. However, subsequently on 30 April 2015, Merit had lodged a new caveat and demanded a compensation of RM4.5 million from Goodnite. AQRS had on 3 September 2015 decided to terminate this acquisition after Goodnite had failed to remove the new caveat lodged by Merit despite reminders being sent to them.

Goodnite has counterclaimed against AQRS for General Damages in excess of RM5.0 million. The Court has fixed the Suit for Case Management on 25 April 2016.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

27. REVENUE

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Property development revenue	60,418,790	208,940,666	-	-
Contract revenue	212,092,120	325,222,557	-	-
Gross dividend income from a subsidiary	-	-	18,000,000	25,480,000
	272,510,910	534,163,223	18,000,000	25,480,000

28. COST OF SALES

	Group	
	2015 RM	2014 RM
Inventories sold	178,704	-
Property development costs	19,730,581	105,436,662
Contract costs	204,189,477	274,470,280
	224,098,762	379,906,942

Notes To The Financial Statements

31 December 2015 (Cont'd)

29. FINANCE COSTS

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Interest expense on:				
- bank overdrafts	2,811,803	2,719,981	-	-
- hire-purchase creditors	1,264,281	722,653	-	-
- revolving credits	1,091,789	171,611	-	-
- term loans	3,670,991	1,432,876	590,993	-
- late payment for land instalments	934,143	929,711	-	-
- others	487,513	26,680	-	-
	10,260,520	6,003,512	590,993	-

30. (LOSS)/PROFIT BEFORE TAX

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
(Loss)/Profit before tax is arrived at after charging:					
Auditors' remuneration:					
- statutory audit					
- current year		219,000	207,500	42,500	39,500
- non-statutory audit					
- current year		119,906	45,485	118,406	44,345
Bad debts written off		-	3,366	-	-
Depreciation of property, plant and equipment	7	12,374,357	5,786,697	-	-
Directors' remuneration paid to:					
Directors of the Company					
- Fees:					
- payable by Company		360,000	355,000	360,000	355,000
- Other emoluments:					
- payable by Company		-	389,729	-	389,729
- payable by subsidiaries		5,823,659	4,130,436	-	-
Directors of the subsidiaries					
- Other emoluments		1,042,738	562,002	-	-
Impairment loss on other receivables	16(g)	154,815	-	-	-
Interest expense on:					
- developer interest bearing scheme		-	1,374,953	-	-
- bank overdrafts	29	2,811,803	2,719,981	-	-
- hire-purchase creditors	29	1,264,281	722,653	-	-
- revolving credits	29	1,091,789	171,611	-	-
- term loans	29	3,670,991	1,432,876	590,993	-
- late payment for land instalments	29	934,143	929,711	-	-
- others	29	487,513	26,680	-	-
Property, plant and equipment written off	7	9,577	127,635	-	-

Notes To The Financial Statements

31 December 2015 (Cont'd)

30. (LOSS)/PROFIT BEFORE TAX (Cont'd)

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
(Loss)/Profit before tax is arrived at after charging (Cont'd):					
Realised loss on foreign exchange		3,695	70,241	-	-
Rental of:					
- billboard		40,833	70,000	-	-
- copier		-	1,080	-	-
- hostel		34,750	35,700	-	-
- leasehold land		128,408	-	128,408	-
- office equipment		23,397	23,343	-	-
- premises		1,530,701	523,420	-	-
And crediting:					
Dividend income		-	-	18,000,000	25,480,000
Net gain on disposals of:					
- property, plant and equipment		212,687	181,334	-	-
- other investments		-	7,979	-	-
Realised gain on foreign exchange		-	18,875	-	-
Rental income		2,104,000	-	-	-
Interest income from:					
- an investment property purchaser		-	324,278	-	-
- a subsidiary		-	-	590,993	-
- fixed deposits		936,666	1,071,145	-	-
- housing development accounts		35,216	52,464	-	-
- property purchasers		67,163	2,042	-	-
- short term funds		67,022	328,962	67,022	328,962
- others		32,064	24,183	-	1,045

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group amounted to RM139,417 (2014: RM77,139).

31. TAXATION

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current tax expense based on loss for the financial year	8,292,480	33,472,292	-	-
(Over)/Under provision in prior years	(1,232,636)	(137,449)	1,694	(31,504)
	7,059,844	33,334,843	1,694	(31,504)

Notes To The Financial Statements

31 December 2015 (Cont'd)

31. TAXATION (Cont'd)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax (Note 13):				
Relating to origination and reversal of temporary differences	1,453,121	(1,091,991)	-	-
(Over)/Under provision in prior years	(206,424)	712,138	-	-
	1,246,697	(379,853)	-	-
	8,306,541	32,954,990	1,694	(31,504)

The Malaysian income tax is calculated at the statutory tax rate of twenty-five percent (25%) (2014: 25%) of the estimated taxable profits for the fiscal year. The Malaysian statutory tax rate will be reduced to twenty-four percent (24%) for the fiscal year of assessment 2016 onwards.

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
(Loss)/Profit before tax	(7,874,323)	106,255,682	14,843,858	22,487,950
Tax at Malaysian statutory tax rate of 25% (2014: 25%)	(1,968,581)	26,563,921	3,710,965	5,621,988
Tax effects in respect of:				
Non-allowable expenses	5,918,174	4,010,886	805,788	830,253
Non-taxable income	(339,448)	(160,494)	(4,516,753)	(6,452,241)
Deferred tax assets not recognised	6,153,789	1,965,988	-	-
Reduction in deferred taxes as a result of reduction in tax rate	(18,333)	-	-	-
	9,745,601	32,380,301	-	-
(Over)/Under provision in prior years				
- current tax expense	(1,232,636)	(137,449)	1,694	(31,504)
- deferred tax expense	(206,424)	712,138	-	-
	8,306,541	32,954,990	1,694	(31,504)

Notes To The Financial Statements

31 December 2015 (Cont'd)

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	
	2015	**2014**
	RM	**RM**
(Loss)/Profit attributable to equity holders of the parent	(9,666,034)	52,948,216
Weighted average number of ordinary shares in issue (unit)	388,445,100	355,208,500
Effect of:		
- distribution of treasury shares as share dividend	1,600,765	-
- share repurchased	(1,287,986)	(636,094)
- issued pursuant to a private placement	-	12,802,192
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	388,757,878	367,374,598
Basic (loss)/earnings per ordinary share (sen)	(2.49)	14.41

(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.

	Group	
	2015	**2014**
	RM	**RM**
(Loss)/Profit attributable to equity holders of the parent	(9,666,034)	52,948,216
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share (unit)	388,757,878	367,374,598
Effect of dilution in exercise of warrants	-	159,984,000
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	388,757,878	527,358,598
Diluted (loss)/earnings per ordinary share (sen)	(2.49)	10.04

During the financial year, the free Warrants 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').

Notes To The Financial Statements

31 December 2015 (Cont'd)

33. DIVIDENDS

	Group and Company	
	2015	2014
	RM	RM
In respect of the financial year ended 31 December 2014:		
Final share dividend of one (1) treasury share for every one hundred (100) ordinary shares of RM0.25 each held, credited on 3 August 2015	4,834,774	-
In respect of the financial year ended 31 December 2013:		
Final single tier dividend of 1.91 sen per ordinary share, paid on 23 July 2014	-	6,771,231

The Directors do not recommend the payment of any dividend in respect of the current financial year.

34. ACQUISITION OF SUBSIDIARIES

2015

(a) On 5 February 2015, the Company acquired for 45,000 ordinary shares of RM1.00 each in Trusvest Sdn. Bhd. ('Trusvest'), a company incorporated in Malaysia, for a total cash consideration of RM45,000, representing 90% equity interest in Trusvest.

(i) The fair value of the identifiable assets of Trusvest as at the date of acquisition is as follows:

	RM
Other receivables	50,000
Non-controlling interests measured based on their proportionate interest in the recognised amounts of the acquiree's identifiable assets	(5,000)
	45,000

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

	RM
Cash paid/Total consideration	45,000

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

	RM
Consideration settled in cash	45,000
Less: Cash and cash equivalents of subsidiary acquired	-
Net cash outflow of the Group on acquisition	45,000

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

Notes To The Financial Statements

31 December 2015 (Cont'd)

34. ACQUISITION OF SUBSIDIARIES (Cont'd)

2015 (Cont'd)

(b) On 9 April 2015, the Company acquired the entire issued and paid up share capital of GBG Properties (Sabah) Sdn. Bhd. ('GBGPS'), a company incorporated in Malaysia, for a cash consideration of RM2.

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

	RM
Cash in hand	2

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

	RM
Cash paid/Total consideration	2

(iii) The effects of the acquisition of GBGPS 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 GBGPS did not have any material financial effect to the Group.

2014

(c) In the previous financial year, on 30 January 2014, the Company acquired the entire issued and paid up share capital of Gabungan AQRS Management Sdn. Bhd. ('GAM'), a company incorporated in Malaysia, for a cash consideration of RM2.

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

	RM
Cash in hand	2

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

	RM
Cash paid/Total consideration	2

(iii) The effects of the acquisition of GAM on cash flows of the Group 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 GAM did not have any material financial effect to the Group.

Notes To The Financial Statements

31 December 2015 (Cont'd)

34. ACQUISITION OF SUBSIDIARIES (Cont'd)

2014 (Cont'd)

(d) In the previous financial year, on 19 May 2014, the Company acquired the entire issued and paid up share capital of Gabungan AQRS Capital Sdn. Bhd. ('GAC'), a company incorporated in Malaysia, for a cash consideration of RM2.

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

	RM
Cash in hand	2

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

	RM
Cash paid/Total consideration	2

(iii) The effects of the acquisition of GAC on cash flows of the Group 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	-

(iv) Subsequently, on 22 May 2014, the Company subscribed for an additional 1,999,998 ordinary shares of RM1.00 each at par for cash in GAC pursuant to the allotment of shares carried out by GAC. Upon completion of the shares allotment, GAC remained as a wholly-owned subsidiary of the Company.

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

(e) In the previous financial year, on 12 November 2014, the Company announced that, Prestige Field Development Sdn. Bhd. ('Prestige'), a 52% owned subsidiary of the Company, had acquired the entire issued and paid up share capital of Estet Etos Sdn. Bhd. ('EESB'), a company incorporated in Malaysia, for a cash consideration of RM2.

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

	RM
Cash in hand	2

34. ACQUISITION OF SUBSIDIARIES (Cont'd)

2014 (Cont'd)

(e) In the previous financial year, on 12 November 2014, the Company announced that, Prestige Field Development Sdn. Bhd. ('Prestige'), a 52% owned subsidiary of the Company, had acquired the entire issued and paid up share capital of Estet Etos Sdn. Bhd. ('EESB'), a company incorporated in Malaysia, for a cash consideration of RM2.(Cont'd)

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

	RM
Cash paid/Total consideration	2

(iii) The effects of the acquisition of EESB on cash flows of the Group 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 EESB did not have any material financial effect to the Group.

35. EMPLOYEE BENEFITS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Wages, salaries and bonuses	15,571,307	23,204,454	275,318	624,729
EPF and Socso contributions	2,241,079	3,030,530	42,575	77,339
Other benefits	2,568,722	2,090,659	61,236	3,191
	20,381,108	28,325,643	379,129	705,259

Included in the employee benefits of the Group and the Company are Directors' remuneration amounting to RM6,866,397 (2014: RM5,082,167) and Nil (2014: RM389,729) respectively.

Notes To The Financial Statements

31 December 2015 (Cont'd)

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.

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Subsidiaries:				
Gross dividend income	-	-	18,000,000	25,480,000
Interest received	-	-	590,993	-
Management fee paid/payable	-	-	672,658	410,153
Related parties:				
Rental of office premise paid/payable	315,318	110,100	-	-
Purchase of property, plant and equipment	-	3,200,000	-	-
Progress billings on construction contracts paid/payable	156,000	169,000	-	-
Sale of development properties	-	7,210,000	-	-
Directors of the subsidiaries and their close family members:				
Sale of development properties	-	3,500,100	-	-

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.

36. RELATED PARTY DISCLOSURES (Cont'd)

(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	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Short term employee benefits	6,200,110	4,521,500	-	306,000
Contributions to defined contribution plan	666,287	560,667	-	83,729
	6,866,397	5,082,167	-	389,729

37. OPERATING SEGMENTS

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

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

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

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

Notes To The Financial Statements

31 December 2015 (Cont'd)

37. OPERATING SEGMENTS (Cont'd)

2015	Property development RM	Construction RM	Other operating segments RM	Total RM
Segment revenue				
Total revenue	60,418,790	309,473,206	41,791,470	411,683,466
Inter segment revenue	-	(97,381,086)	(41,791,470)	(139,172,556)
Revenue from external customers	60,418,790	212,092,120	-	272,510,910
Interest income	317,916	752,770	67,445	1,138,131
Finance costs	(4,833,306)	(4,836,221)	(590,993)	(10,260,520)
Net finance expenses	(4,515,390)	(4,083,451)	(523,548)	(9,122,389)
Segment profit/(loss) before tax	**7,471,279**	**(4,074,292)**	**(4,782,573)**	**(1,385,586)**
Share of profit of an associate, net of tax	-	188,802	-	188,802
Share of loss of a joint venture, net of tax	-	-	(6,351)	(6,351)
Tax expense	(8,691,753)	116,490	268,722	(8,306,541)
Other material non-cash item:				
- Depreciation of property, plant and equipment	(555,585)	(11,340,722)	(478,050)	(12,374,357)
Investment in an associate	-	3,691,288	-	3,691,288
Investment in a joint venture	-	-	244,404	244,404
Additions to non-current assets other than financial instruments and deferred tax assets	4,496,892	11,035,334	38,892,679	54,424,905
Segment assets	**575,234,603**	**701,196,450**	**365,677,996**	**1,642,109,049**
Segment liabilities	**561,797,036**	**523,767,164**	**146,526,091**	**1,232,090,291**

Notes To The Financial Statements

31 December 2015 (Cont'd)

37. OPERATING SEGMENTS (Cont'd)

2014	Property development RM	Construction RM	Other operating segments RM	Total RM
Segment revenue				
Total revenue	208,940,666	406,030,036	46,858,576	661,829,278
Inter segment revenue	-	(80,807,479)	(46,858,576)	(127,666,055)
Revenue from external customers	208,940,666	325,222,557	-	534,163,223
Interest income	709,801	763,141	330,132	1,803,074
Finance costs	(2,623,225)	(3,380,287)	-	(6,003,512)
Net finance (expenses)/income	(1,913,424)	(2,617,146)	330,132	(4,200,438)
Segment profit/(loss) before tax	**67,825,040**	**40,122,863**	**(2,979,243)**	**104,968,660**
Share of profit of an associate, net of tax	-	180,286	-	180,286
Share of loss of a joint venture, net of tax	-	-	(4,245)	(4,245)
Tax expense	(21,132,591)	(11,771,374)	(51,025)	(32,954,990)
Other material non-cash item:				
- Depreciation of property, plant and equipment	(575,400)	(5,075,043)	(136,254)	(5,786,697)
Investment in an associate	-	3,502,486	-	3,502,486
Investment in a joint venture	-	-	250,755	250,755
Additions to non-current assets other than financial instruments and deferred tax assets	39,996,653	32,872,532	9,491,423	82,360,608
Segment assets	**538,998,996**	**618,781,026**	**240,248,117**	**1,398,028,139**
Segment liabilities	**501,609,501**	**438,193,938**	**35,173,128**	**974,976,567**

Notes To The Financial Statements

31 December 2015 (Cont'd)

37. OPERATING SEGMENTS (Cont'd)

(a) Reconciliations

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

	Group 2015 RM	Group 2014 RM
Revenue		
Total revenue for reportable segments	411,683,466	661,829,278
Elimination of inter-segmental revenues	(139,172,556)	(127,666,055)
Revenue of the Group per consolidated statement of profit or loss and other comprehensive income	272,510,910	534,163,223
(Loss)/Profit for the financial year		
Total profit or loss for reportable segments	(1,385,586)	104,968,660
Elimination of inter-segment (profits)/losses	(6,671,188)	1,110,981
Share of profit of an associate, net of tax	188,802	180,286
Share of loss of a joint venture, net of tax	(6,351)	(4,245)
(Loss)/Profit before tax	(7,874,323)	106,255,682
Tax expense	(8,306,541)	(32,954,990)
(Loss)/Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	(16,180,864)	73,300,692
Assets		
Total assets for reportable segments	1,642,109,049	1,398,028,139
Elimination of investments in subsidiaries and consolidation adjustments	(97,940,224)	(80,403,143)
Elimination of inter-segment balances	(575,635,550)	(481,930,492)
Assets of the Group per consolidated statement of financial position	968,533,275	835,694,504
Liabilities		
Total liabilities for reportable segments	1,232,090,291	974,976,567
Elimination of consolidation adjustments	(10,353,358)	1,794,256
Elimination of inter-segment balances	(575,635,550)	(481,930,492)
Liabilities of the Group per consolidated statement of financial position	646,101,383	494,840,331

37. OPERATING SEGMENTS (Cont'd)

(b) Geographical information

As the operations of the Group 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	
	2015	**2014**
	RM	**RM**
Customer A	90,645,317	170,089,781
Customer B	30,412,850	54,478,969
Customer C	81,460,699	-
	202,518,866	224,568,750

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 concern whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

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 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The strategy of the Group 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 bank balances (including fixed deposits with licensed banks) and short term funds. Capital represents total equity.

Notes To The Financial Statements

31 December 2015 (Cont'd)

38. FINANCIAL INSTRUMENTS (Cont'd)

(a) Capital management (Cont'd)

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Borrowings	293,887,596	173,405,819	33,082,949	-
Less:				
Short term funds	(818,499)	(1,501,487)	(818,499)	(1,501,487)
Cash and bank balances	(42,384,701)	(46,847,042)	(921,093)	(5,577,387)
Net debt/(cash)	250,684,396	125,057,290	31,343,357	(7,078,874)
Total capital	322,431,892	340,854,173	215,698,399	203,102,652
Net debt/(cash)	250,684,396	125,057,290	31,343,357	(7,078,874)
Total	573,116,288	465,911,463	247,041,756	196,023,778
Gearing ratio	44%	27%	13%	*

* *Gearing ratio was not presented as the Company had a net cash position as at the end of the previous reporting period.*

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 of not less than or equals to twenty-five percent (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 2015.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial instruments

Categories of financial instruments

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Financial assets				
Fair value through profit or loss				
Short term funds*	818,499	1,501,487	818,499	1,501,487
Loans and receivables				
Trade and other receivables, net of prepayments	461,706,196	409,952,068	169,031,261	119,220,264
Cash and bank balances	42,384,701	46,847,042	921,093	5,577,387
	504,090,897	456,799,110	169,952,354	124,797,651

* *Represent fixed income trust funds in Malaysia*

38. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial instruments (Cont'd)

Categories of financial instruments (Cont'd)

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Financial liabilities				
Other financial liabilities				
Borrowings	293,887,596	173,405,819	33,082,949	-
Trade and other payables	340,257,306	299,388,614	369,775	280,927
	634,144,902	472,794,433	33,452,724	280,927

(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 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 the 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) 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).

38. FINANCIAL INSTRUMENTS (Cont'd)

(d) Fair value hierarchy (Cont'd)

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).

The following tables set out the financial instruments carried at fair value and those not carried at fair value 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					
2015	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total fair values**	**Carrying amounts**
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Financial assets										
Financial assets at fair value through profit or loss										
- Short term funds	-	818,499	-	818,499	-	-	-	-	818,499	818,499
Financial liabilities										
Other financial liabilities										
- Hire-purchase creditors	-	-	-	-	-	14,587,946	-	14,587,946	14,587,946	15,164,294
Company										
Financial assets										
Financial assets at fair value through profit or loss										
- Short term funds	-	818,499	-	818,499	-	-	-	-	818,499	818,499

38. FINANCIAL INSTRUMENTS (Cont'd)

(d) Fair value hierarchy (Cont'd)

The following tables set out the financial instruments carried at fair value and those not carried at fair value 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					
2014	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total fair values**	**Carrying amounts**
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Financial assets										
Financial assets at fair value through profit or loss										
- Short term funds	-	1,501,487	-	1,501,487	-	-	-	-	1,501,487	1,501,487
Financial liabilities										
Other financial liabilities										
- Hire-purchase creditors	-	-	-	-	-	18,020,119	-	18,020,119	18,020,119	18,661,959
Company										
Financial assets										
Financial assets at fair value through profit or loss										
- Short term funds	-	1,501,487	-	1,501,487	-	-	-	-	1,501,487	1,501,487

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2015 and 31 December 2014.

(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.

Notes To The Financial Statements

31 December 2015 (Cont'd)

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 business of the Group. The overall business strategies of the Group 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 and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from its fixed deposits with licensed banks, loans and borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations.

<u>Sensitivity analysis for interest rate risk</u>

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

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
(Loss)/Profit after tax				
- Increase by 1% (2014: 1%)	(2,022,337)	(1,035,845)	(241,987)	-
- Decrease by 1% (2014: 1%)	2,022,337	1,035,845	241,987	-

The sensitivity is higher in 2015 than in 2014 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 current observable market environment.

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 and of the Company that are exposed to interest rate risk:

	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 2015									
Fixed rates									
Fixed deposits with licensed banks	18	2.29	35,127,607	-	-	-	-	-	35,127,607
Hire-purchase creditors	22	5.88	9,617,307	4,771,329	481,404	111,038	92,185	91,031	15,164,294
Other payables	23	8.00	6,993,964	-	-	-	-	-	6,993,964
Amount owing to a corporate shareholder of a subsidiary	23	8.00	3,890,937	-	-	-	-	-	3,890,937
Floating rates									
Term loans	21	6.96	110,689,963	22,054,083	23,026,144	24,034,805	7,201,634	309,990	187,316,619
Revolving credits	21	6.02	19,100,000	-	-	-	-	-	19,100,000
Bank overdrafts	21	7.87	72,306,683	-	-	-	-	-	72,306,683
At 31 December 2014									
Fixed rates									
Fixed deposits with licensed banks	18	2.49	35,293,196	-	-	-	-	-	35,293,196
Hire-purchase creditors	22	5.79	6,896,418	6,992,520	4,063,245	396,175	127,536	186,065	18,661,959
Floating rates									
Term loans	21	6.82	49,765,494	180,760	88,943	85,449	97,592	410,092	50,628,330
Revolving credits	21	6.22	5,400,000	-	-	-	-	-	5,400,000
Bank overdrafts	21	7.88	98,715,530	-	-	-	-	-	98,715,530

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 and of the Company 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
Company									
At 31 December 2015									
Fixed rate									
Fixed deposit with a licensed bank	18	2.70	818,000	-	-	-	-	-	818,000
Floating rate									
Term loan	21	7.60	33,082,949	-	-	-	-	-	33,082,949

(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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(ii) Liquidity and cash flow risk (Cont'd)

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.

31 December 2015	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
Group							
Financial liabilities							
Borrowings	220,470,414	32,897,550	28,524,635	28,194,470	12,946,783	423,627	323,457,479
Trade and other payables	340,257,306	-	-	-	-	-	340,257,306
Company							
Financial liabilities							
Borrowing	34,729,302	-	-	-	-	-	34,729,302
Trade and other payables	369,775	-	-	-	-	-	369,775
31 December 2014							
Group							
Financial liabilities							
Borrowings	161,896,168	7,722,329	4,322,724	538,350	258,529	642,061	175,380,161
Trade and other payables	299,388,614	-	-	-	-	-	299,388,614
Company							
Financial liabilities							
Trade and other payables	280,927	-	-	-	-	-	280,927

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 customers of the Group 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			
	2015		2014	
	RM	% of total	RM	% of total
By industry sectors				
Property development	38,093,912	10%	72,513,830	23%
Construction	326,694,974	90%	239,414,930	77%
	364,788,886	100%	311,928,760	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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(iv) Market price risk

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

The Group and the Company are exposed to market price risk arising from short term funds, which are quoted. These instruments are classified as financial assets designated at fair value through profit or loss.

Sensitivity analysis for market price risk

Short term funds of the Group and of the Company are exposed to changes in market quoted prices. However, 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 each reporting period.

40. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 16 March 2015, the Company entered into a Joint Venture Agreement ('Agreement') with Suria Capital Holdings Berhad ('Suria Capital') to develop a parcel of land owned by Suria Capital measuring approximately 7.0 acres situated at Jalan Tanjung Lipat, Kota Kinabalu, Sabah. The development had not commenced as at the end of the reporting period.

Notes To The Financial Statements

31 December 2015 (Cont'd)

41. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings of the Company and its subsidiaries:				
- Realised	214,157,282	227,619,938	32,842,424	22,835,034
- Unrealised	(453,103)	2,737,867	-	-
	213,704,179	230,357,805	32,842,424	22,835,034
Total share of retained earnings from an associate:				
- Realised	369,088	180,286	-	-
Total share of accumulated losses from a joint venture:				
- Realised	(10,596)	(4,245)	-	-
	214,062,671	230,533,846	32,842,424	22,835,034
Less: Consolidation adjustments	(75,728,590)	(77,698,957)	-	-
Total retained earnings	138,334,081	152,834,889	32,842,424	22,835,034

List Of Properties

Land Title Details/ Location	Built-up Area (sq. ft.)	Land Area (hectares)	Description/ Existing Use	Tenure/ Age of Property	Date of Issuance of Certificates of Fitness for Occupation	Audited Net Carrying Amount as at 31.12.2015 (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 shoplot/ Vacant	Freehold/ Approximately 11 years	02.03.2000	134,489
H.S.(D) 247091, P.T No. 10900 G-58-G to G-58-3, Block G Jalan Teknologi 3/9 Bistari ‘De’ Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	10,519		1 unit of a 4-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 8 years	11.03.2008	3,337,564
H.S.(D) 247092, P.T No. 10901 G-59-G to G-59-3, Block G Jalan Teknologi 3/9 Bistari ‘De’ Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	6,644		1 unit of a 4-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 8 years	11.03.2008	2,740,949
H.S.(D) 247071, P.T No. 10880 D-39-G and D-39-1, Block D Jalan Teknologi 3/9 Bistari ‘De’ Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	3,248		1 unit of a 2-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 8 years	11.03.2008	1,753,757
H.S.(D) 247072, P.T No. 10881 D-40-G and D-40-1, Block D Jalan Teknologi 3/9 Bistari ‘De’ Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	3,248		1 unit of a 2-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 8 years	11.03.2008	1,866,893

List Of Properties

(Cont'd)

Land Title Details/ Location	Built-up Area (sq. ft.)	Land Area (hectares)	Description/ Existing Use	Tenure/ Age of Property	Date of Issuance of Certificates of Fitness for Occupation	Audited Net Carrying Amount as at 31.12.2015 (RM)
H.S.(D) 247065, P.T No. 10874 D-33-G to D-33-2, Block D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	10,945		1 unit of a 3-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 8 years	11.03.2008	4,224,579
H.S.(D) 256293, Lot No. PT 47369 Sungai Buloh, Petaling Jaya, Selangor Darul Ehsan		1.08	Land held for development	99 years leasehold tenure expiring on 13.05.2108		38,582,161
H.S.(D) 484873 to 484880 Lot No. PTD 202777 to PTD 202784 (inclusive) Plentong, Johor Baru, Johor Darul Takzim		1.51	On-going development land/ On-going commercial development 99 project comprising signature units of 3 & 4 storey shop 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) 288198 Lot No. PT 81305 Lestari Perdana, Mukim Petaling Daerah Petaling		5.78	Land held for development	99 years leasehold tenure expiring on 04.09.2112		49,274,781
H.S.(D) 37545 Lot No. PT 21045 Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan		7.70	Land held for development	99 years leasehold tenure expiring on 5.11.2113		36,915,245

Statistics of Shareholdings

as at 22 March 2016 (as per Record of Depositors)

Authorised Share Capital	:	RM500,000,000.00 divided into 2,000,000,000 ordinary shares of RM0.25 each
Share Capital Issued	:	390,920,000 ordinary shares of RM0.25 each
Paid-Up Share Capital	:	RM97,730,000.00
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	43	1,427	*
100 to 1,000	88	19,474	*
1,001 to 10,000	467	1,834,951	0.47
10,001 to 100,000	360	9,159,895	2.35
100,001 to less than 5% of issued shares	102	177,808,674	45.54
5% and above of issued shares	7	201,660,077	51.64
Total	**1,067**	**390,484,498**	**100.00**

Note:-

* *Negligible*

SUBSTANTIAL SHAREHOLDERS

according to the Register of Substantial Shareholders as at 22 March 2016

		Direct Interest		Deemed Interest	
No.	Name	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
1.	Ng Chun Seong	46,436,689	11.89	56,706,017 (1)	14.52 (1)
2.	Lim Ann Kok	49,931,471	12.79	2,020,000 (2)	0.52 (2)
3.	Ganjaran Gembira Sdn Bhd	48,836,900	12.51	-	-
4.	Ng Chun Kooi	37,716,017	9.66	65,426,689 (3)	16.76 (3)
5.	Ow Chee Cheoon	32,800,760	8.40	48,836,900 (4)	12.51 (4)
6.	Dato' Ng Kee Leen	22,220,000	5.69	-	-
7.	Bernard Lim Soon Chiang	9,372,800	2.40	48,836,900 (4)	12.51 (4)
8.	Dato' Azizan bin Jaafar	202,000	0.05	48,836,900 (4)	12.51 (4)

Notes:-

(1) (a) *37,716,017 ordinary shares of RM0.25 each - deemed interested by virtue of Ng Chun Kooi, his brother's interest in the Company pursuant to Section 6A of the Act; and*

(b) *18,990,000 ordinary shares of RM0.25 each - deemed interested by virtue of his shareholding in Deras Mekar Sdn Bhd pursuant to Section 6A of the Act.*

(2) *Deemed interested by virtue of Yeong Mee Chow, his spouse's interest in the Company pursuant to Section 6A of the Act.*

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

(4) *Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 6A of the Act.*

Statistics of Shareholdings

as at 22 March 2016 (as per Record of Depositors) (Cont'd)

DIRECTORS' DIRECT AND DEEMED INTERESTS

in the Company and/or its Related Corporations as at 22 March 2016

	Direct Interest		Deemed Interest	
Name of Directors	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Datuk Kamarudin bin Md. Ali	-	-	-	-
Ng Chun Kooi	37,716,017	9.66	65,426,689 [1]	16.76 [1]
Ow Chee Cheoon	32,800,760	8.40	48,836,900 [2]	12.51 [2]
Dato' Azizan bin Jaafar	202,000	0.05	48,836,900 [2]	12.51 [2]
Bernard Lim Soon Chiang	9,372,800	2.40	48,836,900 [2]	12.51 [2]
Datuk Badil Zaman bin Fazul Rahman	4,928,800	1.26	-	-
Lam Vun Chiang	-	-	-	-
Loo Choo Hong	101,000	0.03	-	-
Muk Sai Tat	-	-	-	-

Notes:-

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

[2] *Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 6A of the Act.*

TOP 30 SECURITIES ACCOUNT HOLDERS

as per Record of Depositors as at 22 March 2016

No.	Name	No. of Issued Shares	% of Issued Shares
1.	Ng Chun Seong	46,436,689	11.89
2.	Lim Ann Kok	40,659,471	10.41
3.	Ng Chun Kooi	25,660,657	6.57
4.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ganjaran Gembira Sdn Bhd*	22,487,900	5.76
5.	Ng Kee Leen	22,220,000	5.69
6.	Ganjaran Gembira Sdn Bhd	21,482,000	5.50
7.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Ow Chee Cheoon (PBCL-0G0066)*	19,546,000	5.01
8.	Deras Mekar Sdn Bhd	18,990,000	4.86
9.	Ng Kit Heng	15,841,233	4.06
10.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mok Sew Wah*	10,294,442	2.64
11.	MayBank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ng Chun Kooi*	10,100,000	2.59
12.	Lee Kuan Chen	8,080,000	2.07
13.	MayBank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ow Chee Cheoon (Margin)*	7,000,000	1.79
14.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Yee Yong Yip (AY0029)*	6,129,358	1.57
15.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Bernard Lim Soon Chiang*	5,555,000	1.42

Statistics of Shareholdings

as at 22 March 2016 (as per Record of Depositors) (Cont'd)

No.	Name	No. of Issued Shares	% of Issued Shares
16.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (DR)*	5,555,000	1.42
17.	DB (Malaysia) Nominee (Asing) Sdn Bhd *Exempt AN for Nomura PB Nominees Ltd*	5,000,000	1.28
18.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ganjaran Gembira Sdn Bhd*	4,867,000	1.25
19.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (LBF)*	4,790,733	1.23
20.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad for Wong Tze Leng (SMART)*	4,604,795	1.18
21.	Badil Zaman bin Fazul Rahman	4,423,800	1.13
22.	Lim Kuek Peng @ Lim Chee Peng	4,040,000	1.03
23.	MayBank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Ann Kok*	4,040,000	1.03
24.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad for Bernard Lim Soon Chiang (SMART)*	3,814,770	0.98
25.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad for Cheng Ting In (SMART)*	3,555,900	0.91
26.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ow Chee Cheoon (OWC0008M)*	3,535,000	0.91
27.	Meriah binti Nasibi	2,792,650	0.72
28.	Zainal bin Ahmad	2,705,689	0.69
29.	Meriah binti Nasibi	2,329,666	0.60
30.	Yeong Mee Chow	2,020,000	0.52
	Total	**338,557,753**	**86.70**

Statistics of Warrant Holdings

as at 22 March 2016 (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	130	5,961	*
100 to 1,000	143	81,960	0.05
1,001 to 10,000	287	1,609,699	1.01
10,001 to 100,000	411	17,713,515	11.07
100,001 to less than 5% of issued warrants	162	111,422,360	69.65
5% and above of issued warrants	1	29,150,505	18.22
Total	**1,134**	**159,984,000**	**100.00**

Note:-
* *Negligible*

SUBSTANTIAL WARRANT HOLDERS

according to the Register of Substantial Warrant Holders as at 22 March 2016

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.*

Statistics of Warrant Holdings

as at 22 March 2016 (as per Record of Warrant Holders) (Cont'd)

DIRECTORS' WARRANT HOLDINGS
as at 22 March 2016

	Direct Interest		Deemed Interest	
Name of Directors	**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	-	-	1,500,000 (2)	0.94 (2)
Dato' Azizan bin Jaafar	90,000	0.06	1,500,000 (2)	0.94 (2)
Bernard Lim Soon Chiang	8,446,500	5.28	1,500,000 (2)	0.94 (2)
Datuk Badil Zaman bin Fazul Rahman	225,000	0.14	-	-
Lam Vun Chiang	-	-	-	-
Loo Choo Hong	-	-	-	-
Muk Sai Tat	-	-	-	-

Notes:-
(1) *Deemed interested by virtue of Ng Chun Seong, his brother's interest in the Company pursuant to Section 6A of the Act.*
(2) *Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 6A of the Act.*

TOP 30 WARRANT HOLDERS
as per Record of Warrant Holders as at 22 March 2016

No.	**Name**	**No. of Issued Warrants**	**% of Issued Warrants**
1.	Ng Chun Seong	29,150,505	18.22
2.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Bernard Lim Soon Chiang*	6,750,000	4.22
3.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chow Ying Choon*	6,150,000	3.84
4.	Ng Keong Wee	4,950,000	3.09
5.	Lee Kuan Chen	4,624,800	2.89
6.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Mok Sew Wah*	4,018,815	2.51
7.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Ahmad Johari bin Tun Abdul Razak (MY1678)*	3,300,700	2.06
8.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Phang Kwong Thin (PHA0148C)*	2,830,000	1.77
9.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Hooi Kiang*	2,589,500	1.62
10.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad for Wong Tze Leng (SMART)*	2,446,875	1.53
11.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Karen Lee Hoon Yin*	2,150,000	1.34
12.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Siew Booy (D18)*	2,107,800	1.32
13.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sarojini a/p Sivanandam*	1,900,000	1.19

Statistics of Warrant Holdings

as at 22 March 2016 (as per Record of Warrant Holders) (Cont'd)

No.	Name	No. of Issued Warrants	% of Issued Warrants
14.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Go Pei Qin*	1,883,150	1.18
15.	Yayasan Pok Dan Kassim	1,850,000	1.16
16.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad for Bernard Lim Soon Chiang (SMART)*	1,696,500	1.06
17.	AMSEC Nominees (Tempatan) Sdn Bhd *Pledged Securities Account - AmBank (M) Berhad for Cheng Ting In (SMART)*	1,660,500	1.04
18.	Thian Vee Ying	1,655,200	1.03
19.	Lim Keng Chuan	1,625,900	1.02
20.	SJ Sec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Low Siew Moi (SMT)*	1,582,950	0.99
21.	Guy Russel Gilbert	1,506,600	0.94
22.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Ahmad Johari bin Tun Abdul Razak (MM0080)*	1,500,000	0.94
23.	Educrest sdn Bhd	1,500,000	0.94
24.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ganjaran Gembira Sdn Bhd*	1,500,000	0.94
25.	Affin Hwang Nominees (Asing) Sdn Bhd *Lim & Tan Securities Pte Ltd for Lim Soon Ling*	1,479,000	0.92
26.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for On Li Sar @ Oon Li Sar*	1,400,000	0.88
27.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ang Poh Meng (ANG1548C)*	1,300,000	0.81
28.	Cartaban Nominees (Tempatan) Sdn Bhd *Standard Chartered Bank Singapore for BMO S'pore Branch Local Client*	1,295,000	0.81
29.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Jacob Mathew a/l K.M. Mathew*	1,230,000	0.77
30.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Peter Ernest Shack*	1,200,000	0.75
	Total	**98,833,795**	**61.78**

Additional Compliance Information Disclosures

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

There were no fund raising exercises implemented during the financial year.

2. Share Buy-Back

During FYE 2015, the Company repurchased a total of 1,830,000 of its own shares from the open market of Bursa Securities for a total consideration of RM2,246,416.75. The shares were held as treasury shares. The Company did not re-sell any of its treasury shares during the financial year.

Nevertheless, during the financial period ended 30 September 2015, a total of 3,869,398 treasury shares had been distributed to the entitled shareholders in relation to the final single-tier Share Dividend in respect of the FYE 2014 on the basis of 1 treasury share for every 100 existing ordinary shares of RM0.25 each held in the Company, and subsequently credited into the entitled depositors' securities accounts on 3 August 2015. As a result, during the financial year-to-date, the number of shares repurchased and held as treasury shares were 435,502 units with a total cost of RM419,380.90.

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)
January	350,000	1.23	1.20	1.22	428,589.00
February	300,000	1.27	1.24	1.26	377,949.00
March	-	-	-	-	-
April	755,000	1.37	1.37	1.37	1,034,350.00
May	100,000	1.25	1.22	1.24	124,219.00
June	-	-	-	-	-
July	-	-	-	-	-
August	100,000	0.98	0.86	0.92	91,867.50
September	175,000	0.85	0.83	0.84	146,942.25
October	-	-	-	-	-
November	-	-	-	-	-
December	50,000	0.85	0.85	0.85	42,500.00

Additional Compliance Information Disclosures

(Cont'd)

3. **Options, Warrants or Convertible Securities**

   During the FYE 2015, no warrants arising from the 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, have been exercised and converted to ordinary shares.

   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 2015.

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 8 April 2016.

7. **Non-Audit Fees**

   There were non-audit fees amounting to RM14,000 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 2015.

8. **Variation in Results**

   The annual audited financial statements of the Company/Group for the FYE 2015 did not vary by 10% or more from the unaudited financial results announced by the Company on 26 February 2016.

9. **Profit Guarantee**

   No profit guarantee was received by the Company in respect of the FYE 2015.

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.

Notice of 6th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 6th Annual General Meeting of the Company will be held at Eugenia Room, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 2 June 2016 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 2015 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**

2. 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 1**
   (ii) Mr Ow Chee Cheoon; and **Resolution 2**
   (iii) Mr Muk Sai Tat **Resolution 3**

3. To re-appoint BDO as Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Board of Directors of the Company to determine their remuneration. **Resolution 4**

4. To approve the payment of Directors' fee amounting to RM360,000 in respect of the financial year ended 31 December 2015. **Resolution 5**

Special Business

5. 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 6**

   "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."

Notice of 6th Annual General Meeting
(Cont'd)

6. 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 7**

"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;

(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."

Notice of 6th Annual General Meeting

(Cont'd)

7. 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 6th 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 27 May 2016. Only a depositor whose name appears on the ROD as at 27 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

BY ORDER OF THE BOARD

TONG SIUT MOI
MAICSA 7024173
Company Secretary

Selangor Darul Ehsan
29 April 2016

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 H-73-1, Blok H, 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 2015

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.

Notice of 6th Annual General Meeting

(Cont'd)

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 6th 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 Director, and his ability to act in the best interest of the Company in decision-making, to ensure that the Non-Executive Director 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 18, 19 and 22 of this Annual Report.

4. ***Re-Appointment of Auditors***
The Board had at its meeting held on 26 February 2016 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. ***Abstention from Voting***
Any Director referred to in ***Ordinary Resolutions 1, 2 and 3****, who is a shareholder of the Company will abstain from voting on the resolution in respect of his re-election at the 6th AGM.*

All the non-Executive Directors who are shareholders of the Company will abstain from voting on ***Ordinary Resolution 5*** *concerning the approval on payment of Directors' Fee in respect of the financial year ended 31 December 2015.*

6. ***Explanatory Notes on Special Business***

Ordinary Resolution 6 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965
The ***Ordinary Resolution 6*** *proposed under agenda 5 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 Act. 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 25 June 2015, which will lapse at the conclusion of the forthcoming AGM.*

The proposed ***Ordinary Resolution 6****, 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 7 - Proposed renewal of authority for Share Buy-Back
The ***Ordinary Resolution 7*** *proposed under agenda 6, 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 158 to 163 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)

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 18, 19 and 22 of this Annual Report and the details of their interests in the securities of the Company are disclosed on pages 147 and 150 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 5th AGM of the Company held on 25 June 2015, 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 31 March 2016, 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 Eugenia Room, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 2 June 2016 at 10.00 a.m.

Statement Accompanying Notice of Annual General Meeting

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

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.

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 2015, the Company's retained profits and share premium are as follows:-

	As at 31 December 2015
	RM
Retained Profits	32,842,424
Share Premium	85,545,356
	118,387,780

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.

Statement Accompanying Notice of Annual General Meeting

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

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

However, a waiver may be granted by the Securities Commission 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 2015

The details of the GBGAQRS Shares bought back by the Company during the FYE 2015 are as shown in paragraph 2 of the Additional Compliance Information Disclosures on page 152 of this Annual Report.

During the FYE 2015, a total of 3,869,398 treasury shares had been distributed to the entitled shareholders in relation to share dividend and had been subsequently credited into the entitled depositors' securities accounts. The remaining GBGAQRS Shares bought back during the FYE 2015 had all been retained as treasury shares and were not re-sold. The Company did not cancel any treasury share in the same period.

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.

Statement Accompanying Notice of Annual General Meeting

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

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 Earnings per share ("EPS") of the Group for the FYE 2016 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 2014, a final dividend by way of distribution of one (1) treasury share for every one hundred (100) existing ordinary shares of RM0.25 each held by the shareholders of the Company ("Share Dividend") was distributed to the entitled shareholders in relation to the Share Dividend and had been subsequently credited into the entitled depositors' securities accounts.

In respect of FYE 2015, the Board did not recommend the payment of any dividend. The dividend to be declared by the Company in respect of the FYE 2016 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 FYE 2016 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.

2.3.5 Directors' and Substantial Shareholders' shareholdings

Based on the Register of Substantial Shareholders and Directors' Shareholdings as at 8 April 2016 (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:-

Statement Accompanying Notice of Annual General Meeting

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

	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	37,716,017	9.66	65,426,689 (1)	16.76	37,716,017	10.72	65,426,689 (1)	18.60
Ow Chee Cheoon	32,800,760	8.40	48,836,900 (2)	12.51	32,800,760	9.32	48,836,900 (2)	13.88
Dato' Azizan bin Jaafar	202,000	0.05	48,836,900 (2)	12.51	202,000	0.06	48,836,900 (2)	13.88
Bernard Lim Soon Chiang	9,372,800	2.40	48,836,900 (2)	12.51	9,372,800	2.66	48,836,900 (2)	13.88
Datuk Badil Zaman bin Fazul Rahman	4,928,800	1.26	-	-	4,928,800	1.40	-	-
Lam Vun Chiang	-	-	-	-	-	-	-	-
Loo Choo Hong	101,000	0.03	-	-	101,000	0.03	-	-
Muk Sai Tat	-	-	-	-	-	-	-	-
Substantial Shareholders								
Ng Chun Seong	46,436,689	11.89	56,706,017 (3)	14.52	46,436,689	13.20	56, 706,017 (3)	16.12
Ng Chun Kooi	37, 716,017	9.66	65,426,689 (1)	16.76	37, 716,017	10.72	65,426,689 (1)	18.60
Ow Chee Cheoon	32,800,760	8.40	48,836,900 (2)	12.51	32,800,760	9.32	48,836,900 (2)	13.88
Lim Ann Kok	49,931,471	12.79	2,020,000 (4)	0.52	49,931,471	14.19	2,020,000 (4)	0.57
Bernard Lim Soon Chiang	9,372,800	2.40	48,836,900 (2)	12.51	9,372,800	2.66	48,836,900 (2)	13.88
Dato' Azizan bin Jaafar	202,000	0.05	48,836,900 (2)	12.51	202,000	0.06	48,836,900 (2)	13.88
Ganjaran Gembira Sdn Bhd	48,836,900	12.51	-	-	48,836,900	13.88	-	-
Dato' Ng Kee Leen	22,220,000	5.69	-	-	22,220,000	6.32	-	-

Notes :-

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

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

(3) *Deemed interested via the shareholding of his brother, Mr Ng Chun Kooi (37,716,017 shares) and shareholding in Deras Mekar Sdn Bhd (18,990,000 shares)*

(4) *Deemed interested via the shareholding of his spouse, Yeong Mee Chow*

Statement Accompanying Notice of Annual General Meeting

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

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 29.8%.

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

The 6th AGM will be held at Eugenia Room, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 2 June 2016 at 10.00 a.m.

Details of the 6th AGM are set out in the Notice of 6th AGM in the 2015 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 27 May 2016, for the purpose of determining the members who shall be entitled to attend the 6th AGM. Only a depositor whose name appears on the ROD as at 27 May 2016 shall be entitled to attend the 6th 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 of the Company
Bursa Securities	Bursa Malaysia Securities Berhad
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG	Corporate governance
CG Code	Malaysian Code on Corporate Governance, 2012
CSR	Corporate Social Responsibility
Code	Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time and any re-enactment thereof
Company	Gabungan AQRS Berhad or GBGAQRS
ED/EDs	Executive Director or its plural
EPS	Earnings per share
FYE 2014	Financial year ended 31 December 2014
FYE 2015	Financial year ended 31 December 2015
FYE 2016	Financial year ending 31 December 2016
GDV	Gross development value
GBGAQRS	Gabungan AQRS Berhad or Company
GBGAQRS Share(s)	Ordinary share(s) of RM0.25 each in the Company
GST	Goods and Services Tax
Gabungan Strategik	Gabungan Strategik Sdn Bhd
Group	Gabungan AQRS Berhad and its group of companies
Guidelines	Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers
INED/INEDs	Independent and Non-Executive Director or its plural
KVMRT	Klang Valley Mass Rapid Transit
LPD	8 April 2016, being the latest practicable date before the printing of this Annual Report
MAP	Mandatory Accreditation Programme
MFRSs	Malaysian Financial Reporting Standards
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
NSV	Net Sales Value
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
RPG 5 (Revised)	Recommended Practice Guide 5 (Revised)
RPT/RPTs	Related Party Transaction or its plural
SICDA	Securities Industry (Central Depositories) Act, 1991
Share Dividend	Final dividend by way of distribution of 1 treasury share for every 100 existing ordinary shares of RM0.25 each held by the shareholders of the Company in respect of FYE 2014
ToR	Terms of Reference

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GABUNGAN AQRS BERHAD

Form of Proxy

Number of shares held	
CDS account no.	

*I/We,.......................…………………………………………………………………………………………Company No./NRIC No.
(full name as per NRIC/Certificate of Incorporation in capital letters)
………………….. of …...........................…………………………………………………………………
(full address)
being a member of **GABUNGAN AQRS BERHAD** hereby appoint ……………………………………………………………………..……….
(full name as per NRIC in capital letters)
NRIC No. ……... or failing him/her, ………………………………………………………………………
(full name as per NRIC in capital letters)

NRIC No. ……... or failing him/her the Chairman of the Meeting as *my/our proxy, to vote for *me/us on *my/our behalf at the 6th AGM of the Company to be held at Eugenia Room, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 2 June 2016 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of 6th 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 2015 and Reports of Directors and Auditors thereon		
Resolution 1	To re-elect Datuk Kamarudin bin Md. Ali as Director (Article 95)		
Resolution 2	To re-elect Mr Ow Chee Cheoon as Director (Article 95)		
Resolution 3	To re-elect Mr Muk Sai Tat as Director (Article 95)		
Resolution 4	To re-appoint BDO as auditors of the Company and to authorise the Board of Directors to determine their remuneration		
Resolution 5	To approve payment of Directors' fee for financial year ended 31 December 2015		
Special Business			
Resolution 6	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 7	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 ____________ 2016

____

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:-

1. Applicable to shares held through a nominee account.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. 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 H-73-1, Blok H, 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.
9. For the purpose of determining a member who shall be entitled to attend this 6th 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 27 May 2016. Only a depositor whose name appears on the ROD as at 27 May 2016 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

* Delete if not applicable

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AFFIX
STAMP

The Company Secretary

Gabungan AQRS Berhad (912527-A)
H-73-1, Blok H
Jalan Teknologi 3/9
Bistari 'De' Kota
Kota Damansara, PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan

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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
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