

# BUILDING QUALITY

annual report 2014



## COVER RATIONALE

The cover design is inspired by the theme 'Building Quality', which highlights the emphasis we place on maintaining superior standards. Every detail of our developments is excellent and this is symbolised by the striking image on the cover. Our impressive growth has been fueled by our passion for quality, which will empower advance into a vibrant future.



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Form of Proxy

# CORPORATE PROFILE

Gabungan AQRS Berhad ("Company") has its roots in the building and civil engineering construction. The Group's history started in 1996 when Motibina Sdn Bhd ("Motibina") was set up as a civil and building contractor. This was followed by the establishment of Gabungan Strategik Sdn Bhd ("Gabungan Strategik") and Pembinaan Megah Ikhlas Sdn Bhd ("Megah Ikhlas") in 1999, both of which were also involved in building and civil engineering construction. In 2003, AQRS The Building Company Sdn Bhd ("AQRS") was established as a property development company.

These four main companies together with other companies in the Company and its group of companies ("Group") were officially integrated under the same corporate umbrella when the Company was incorporated on 20 August 2010 as a construction and engineering service provider as well as a niche lifestyle property developer. The Company was listed on the official list of Bursa Malaysia Securities Berhad ("Bursa Securities") on 31 July 2012.

The Company's core business is construction whilst property development is its complementary business. The Group's building and civil engineering construction activities are undertaken by Motibina, Gabungan Strategik and Megah Ikhlas while its interest in property development is spearheaded by AQRS.

The Company has a track record of excellence. This dedication to performance has reaped rewards, with key subsidiaries of the Group awarded the ISO 9001:2008 certification as well as receiving awards, letters of appreciation and various other recognitions from its clients.

With its achievements and its strength founded on strong financial resources backed by a team of experienced technical and management personnel, the Group is ever more committed to executing and delivering projects within a framework of quality, timely delivery and adherence to prescribed budgets.

The Group is poised for growth in both the construction and property development sectors. With its listing, the Group can now undertake larger-scale projects in terms of contract size and complexity both in the local and international market. The Company will always focus on creating value for its customers while at the same time provide them with innovative solutions.

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

## VISION

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

## MISSION

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



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

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

**Ow Chee Cheoon**  
*Executive Director*

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

**Bernard Lim Soon Chiang**  
*Executive Director  
and Chief Financial Officer*

**Lam Yun Chiang**  
*Executive Director*

**Datuk Badil Zaman bin Fazul Rahman**  
*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

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

### Shares

Stock Name : GBGAQRS  
Stock Code : 5226

### Warrants

Stock Name : GBGAQRS-WA  
Stock Code : 5226WA

## SECRETARY

Tong Siut Moi (MAICSA 7024173)

## SHARE REGISTRAR

Tricor Investor & Issuing House  
Services Sdn Bhd  
(formerly known as Equiniti  
Services Sdn Bhd)  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed  
Putra  
59200 Kuala Lumpur  
Telephone no. : 603 - 2264 3883  
Facsimile no. : 603 - 2282 1886

## 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

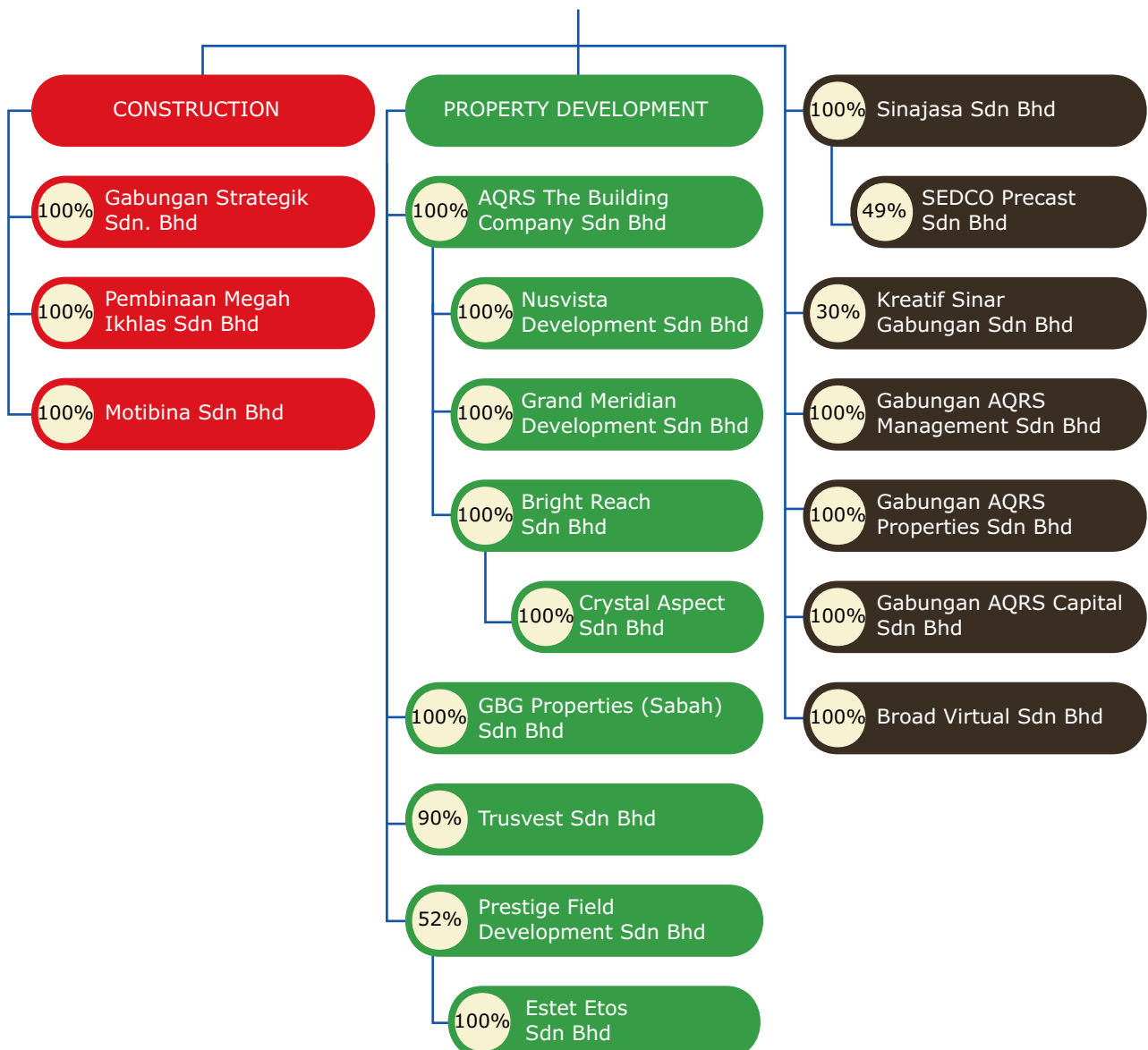
## AUDITORS

BDO (AF 0206)  
Chartered Accountants  
12th Floor, Menara Uni.Asia  
1008, Jalan Sultan Ismail  
50250 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



# FINANCIAL HIGHLIGHTS

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

|  | FYE 2013 | FYE 2014 |
|--|----------|----------|
| REVENUE                                | 406,308  | 534,163  |
| PROFIT Before Taxation                 | 72,505   | 106,256  |
| EBITDA                                 | 77,150   | 116,243  |
| NET PROFIT Attribute to Equity Holders | 42,840   | 52,948   |

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

|                                     | 2013           | 2014           |
|-------------------------------------|----------------|----------------|
| Total Non-Current Assets            | 71,348         | 152,956        |
| Total Current Assets                | 592,132        | 682,739        |
| <b>Total Assets</b>                 | <b>663,480</b> | <b>835,695</b> |
| Share Capital                       | 88,880         | 97,730         |
| Reserves                            | 162,354        | 235,373        |
| Shareholder's Equity                | 251,234        | 333,103        |
| Non-controlling interests           | 10,919         | 7,752          |
| Total Equity                        | 262,153        | 340,854        |
| Total Non-Current Liabilities       | 36,991         | 16,199         |
| Total Current Liabilities           | 364,335        | 478,641        |
| <b>Total Equity and Liabilities</b> | <b>663,480</b> | <b>835,695</b> |

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

|  | 2013     | 2014     |
|--|----------|----------|
| Operating Profit Before Working Capital Changes      | 59,706   | 116,008  |
| Net Cash Flows (Used in)/From Operating Activities   | (83,580) | 3,198    |
| Net Cash Flows From/(Used in) Investing Activities   | 3,651    | (57,813) |
| Net Cash Flows From/(Used in) Financing Activities   | 24,603   | (535)    |
| Net (Decrease)/Increase in Cash and Cash Equivalents | (55,327) | (55,150) |
| Cash and Cash Equivalents at Beginning of Year       | 24,817   | (30,510) |
| Cash and Cash Equivalents at End of Year             | (30,510) | (85,660) |

## Financial Analysis

|  | 2013      | 2014     |
|--|-----------|----------|
| EBITDA Margin                                | 18.99%    | 21.76%   |
| Profit Before Tax Margin                     | 17.84%    | 19.89%   |
| Net Profit Margin                            | 10.54%    | 9.91%    |
| Free Cash Flow (RM'000)                      | (136,834) | (51,623) |
| Returns on Average Shareholders Equity (ROE) | 18.4%     | 18.1%    |
| Returns on Average Total Assets (ROA)        | 7.5%      | 7.1%     |
| Earnings Per Share (sen)*                    | 12.05     | 14.41    |
| Net Dividends Per Share (sen)^               | 1.91      | 1.25     |
| Payout Ratio                                 | 15.8%     | 9.1%     |
| Cash and Bank Balances (RM'000)              | 62,407    | 48,349   |
| Total Borrowings (RM'000)                    | 134,192   | 173,406  |
| Net Gearing (x)                              | 0.22      | 0.27     |

\* Based on weighted average number of ordinary shares in issue

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

**DATUK KAMARUDIN MD. ALI**  
*Independent Non-Executive Chairman*

# CHAIRMAN'S STATEMENT



**CHAIRMAN'S STATEMENT**

(Cont'd)

**Dear Shareholders,**

The protracted recovery of the global economy progressed at a steady pace in 2014, driving a marked resurgence by the Malaysian economy. Buoyant private consumption and strong exports powered the growth of Malaysia's gross domestic product ("GDP") to a 4-year high of 6.0%, despite slowdowns in both fixed investment and government spending. Oil dependent economies were significantly affected at the tail-end of the year as oversupply within the market caused a drastic drop in oil prices.

2014 marked a fairly successful year for the Group despite softening market conditions within the property sector with buyer demand constrained by stringent bank credit criteria and concerns over the impact of the impending implementation of the Goods and Services Tax (GST). The Group was able to maintain its growth momentum with strong contributions from ongoing jobs and projects of its construction and property development divisions. It is with pleasure therefore that I present the Annual Report and audited financial results of the Group for the financial year ended 31 December 2014 ("FYE 2014").

**FINANCIAL OVERVIEW**

The Group's revenue continued its upward trend by achieving RM534.2 million for FYE 2014, a 31.5% increase from RM406.3 million in the previous year attributable to steady progress towards completion of some projects within the construction division as well as a higher number of sales in the property division.

The construction division remains the main revenue contributor for the year under review, generating 60.9% or RM325.2 million, compared to RM283.7 million achieved in previous year with strong progress billings from a number of the Group's on-going construction projects. Income from the property division for FYE 2014 also increased significantly, recording RM208.9 million, up from RM122.6 million in the previous year. The higher contribution from the division was mainly derived from a combination of good work progress and sales from "*The Avenue*" project in the Klang Valley and the "Permas Centro" project at Iskandar Malaysia.

Accordingly, the Group is able to record a strong increase in net profit for the year, posting a total of RM73.3 million for FYE 2014 compared to RM51.4 million in the previous year. Excluding the exceptional gain of RM15.4 million recorded in the financial year ended 31 December 2013 ("FYE 2013"), the net increase of almost 103% reflects a strong performance of the Group's core business drivers.

With shareholder equity of RM333.1 million for FYE 2014 compared to RM251.2 million in FYE 2013, Earnings Per Share ("EPS") rose to 14.4 sen for the year under review from 12.1 sen previously. The Group's net gearing meanwhile stood at a comfortable 0.27 times as at 31 December 2014.

## CHAIRMAN'S STATEMENT

(Cont'd)

### DIVIDEND

The Board of Directors of the Company ("Board") is pleased to propose a final dividend for FYE 2014 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, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM") (fractions of treasury shares are to be disregarded).

### BUSINESS OUTLOOK

Malaysia's GDP for 2015 is expected to grow at a more modest rate of 4.5% to 5.5% as the depreciation of the Ringgit as well as persisting low oil prices combined with higher foreign interest rates will have an adverse effect on the country's domestic macroeconomic fundamentals, albeit in the short-term. From a longer-term macroeconomic perspective, however, downside risks remain manageable. In fact there are more opportunities, especially with persistently low energy prices, which may have a positive side effect of reducing costs from certain aspects.



“The Peak”

The Group is confident however that our tested growth strategy built on focusing on high impact projects will continue to sustain our profitability while simultaneously enhancing our ability to seek out new opportunities to both grow our construction order-book and increase our property portfolio. The Group has been pursuing a number of proposals over the past year towards this end, which are expected to come to fruition soon. One such project is the construction of Phase 1 of the new Pahang state administration centre named Pusat Pentadbiran Sultan Ahmad Shah ("PPSAS") to be located in Kuantan. Once completed, the development will be the centrepiece of the 1,500 acre Kota SAS township.

The Group has also introduced an exciting new development prospect in the East Malaysia this year named *"One Jesselton Waterfront"*. Aimed at taking advantage of the rapidly growing property market in the region, this integrated mixed development transportation hub is being jointly developed in collaboration with Suria Capital Holdings Berhad and will be located in Kota Kinabalu, Sabah. This project shall carry a minimum Net Sales Value ("NSV") of RM1.1 billion. However, best endeavours would be made to obtain a greater NSV at RM1.8 billion or more. It will feature the One Jesselton Mall, serviced suites and apartments, condominiums, as well as a marina. The waterfront area where it is located is poised to become an iconic landmark as a premier tourist destination for both local and foreign patrons and, moving forward, will contribute a steady stream of recurring income for the Group.

In light of these new projects as well as others in the pipeline, the Company is optimistic that we will be able to sustain the profitability and success we have achieved thus far, ensuring that we continue to create value for our shareholders. Both our property and construction divisions which are the Group's twin engine growth drivers remain firmly on track as is our blueprint for continuing to expand our business and operations.

## CHAIRMAN'S STATEMENT

(Cont'd)



■ *Jamuan Hari Raya*

### APPRECIATION

The past year has presented many challenges and opportunities to the Group. I am truly grateful to the Board, our capable management team, as well as the staff and employees of the Group for their tireless efforts. Your contributions and continuous efforts have been integral to the success we have achieved thus far.

I wish to take this opportunity to thank Puan Meriah binti Nasibi, who had resigned as a Director in March 2015 for her dedicated service and contributions to the Board. At the same time I also wish to welcome on board, Mr Lam Vun Chiang who has been appointed as Executive Director in the same month. We look forward to the sharing of his experience and expertise in search of excellence for the Group.

Last but not least, I would like to extend my thanks to all our loyal shareholders for your confidence and support of the Group and its leadership. We remain committed to continuing to create value as we seek to scale even greater heights of success in the future.

Thank you.

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

29 May 2015



■ *PERIDOT*

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

# MANAGEMENT REVIEW



**MANAGEMENT REVIEW**

(Cont'd)

**Dear Valued shareholders,**

The FYE 2014 has been another banner year for the Group, with a marked increase in revenue contributions from both the construction and property development divisions as well as the introduction of new projects in the pipeline, which we believe will boost the Group's ability to sustain recurring income streams moving forward.

Despite the challenging market conditions ahead for the coming year as well as an expected weaker local economic climate, we are confident that the Group will continue to deliver positive results and value for our stakeholders.

This year forward will see the Group embarking in a new area of sustainable income generation, namely asset base investment and management. We hope to develop this into a full-fledge division that will provide a stable source of recurring income in synergy with the twin core businesses of the Group in construction and property development.

**CONSTRUCTION DIVISION**

The Group recorded an increase in segmental revenue for FYE 2014 of RM325.2 million, up 14.6% from RM283.7 million a year ago. This increase was achieved on the back of a steady execution of targeted work in progress of ongoing projects, with some nearing completion stage.

Our strategic contracts sourcing and tendering has enabled the Group to maintain a healthy orderbook which currently stands at RM2.1 billion, and will sustain the Group until 2020. We believe that the Group will continue to be competitive in securing new contracts to underpin our plans for enhanced future growth.



▀ *Klang Valley My Rapid Transit*

**Project Updates**

Some of the major construction projects being undertaken by the Group this year are:-

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

The package V1 of the KVMRT project which commenced construction in 2012 continues to make steady progress and is 85% complete as at 31 December 2014. The Group remains committed to ensuring that the deliverables for this contract will be completed on schedule and is on track towards its target completion date in 2016.

➤ **Tropicana Metropark**

Construction works for this serviced apartment development began in 2013 and has progressed steadily to 24% complete as at 31 December 2014. This project of RM173 million estimated contract sum is slated for completion by April 2016.



## MANAGEMENT REVIEW

(Cont'd)

### ➤ "The Peak" at Iskandar Malaysia

This project is the Group's premier serviced apartment development in Johor Bahru within Flagship A of Iskandar Malaysia. Currently 40% complete, it has an estimated project value of RM243 million and is targeted to be completed by July 2016.



■ "The Peak" at Iskandar Malaysia

### PROPERTY DIVISION

Amid soft market conditions in this sector in FYE 2014, the property division of the Group continued to improve, recording a segmental revenue of RM208.9 million which contributed 39.1% to the overall revenue for the year. The higher revenue was achieved through higher sales as well as further work completion progress for a number of projects including "The Avenue", a shop office development at Kinrara Uptown, Puchong and "Permas Centro", another shop office development at Flagship D of Iskandar Malaysia.

### Project Updates

I am pleased to report that our completed property projects have enjoyed healthy take-up rates, with development of on-going projects proceeding at a steady pace. Among the more notable projects being undertaken by this division of the Group are:-

#### ➤ Permas Centro

Spread across 6 acres of prime land in Permas Jaya, Johor Bharu, this development is situated in the heart of the new metropolis of Iskandar Malaysia, and is surrounded by a matured community of more than 300,000 residents within a 10-minute driving radius. It features 99 units of 3- and 4-storey shop offices with an estimated gross development value ("GDV") of RM160 million. The project is 70% complete as at 31 December 2014 and is scheduled for completion in June 2015.

#### ➤ GBG Industrial Park @ Semenyih

The Group recently launched this project with an estimated GDV of RM70 million. The development comprises 29 units of 2-storey semi-detached and bungalow factories across 15.037 acres of land and is targeted for completion in 2016.

#### ➤ Kinrara Uptown (Phase 1)

This first phase of the integrated commercial centre development at Kinrara Uptown features 177 units of 2- and 4-storey shop units dedicated to serving the matured and developed neighbourhood surrounding it. It was completed this year and has achieved an enviable take-up rate of 99%.

#### ➤ One Jesselton Waterfront

The Group is particularly excited about this potentially lucrative mixed development transportation hub which is aimed at capturing a sizeable slice of the growing property market of Sabah. This project shall carry a minimum NSV of RM1.1 billion. However, best endeavours would be made to obtain a greater NSV at RM1.8 billion or more. It spans across approximately 7 acres of a prime shorefront real estate. Developed in collaboration with Suria Capital Holdings Berhad, the proposed development will feature a shopping mall, corporate offices, serviced suites and apartments, condominium as well as car park facilities, and a ferry ticketing office. While simultaneously strengthening our property division, the Group believes this project will allow us to diversify into asset management with the potential for long-term income generation.

**MANAGEMENT REVIEW**

(Cont'd)



Permas Centro



The Avenue @ Kinrara Uptown

**FUTURE PROSPECTS**

While construction and property development continue to be the primary focus of the Group's activities, the Group is looking towards the acquisition and development of assets which will be able to provide a stable recurring income stream. The development of *One Jesselton Waterfront* is a definitive step in this direction and we hope this is the first of many such investments which will allow us to effectively build-up a solid base of maturing and matured base of assets for our future growth and expansion.

The Group has integrated this divisional blueprint into our strategy for the future, and is confident that it will ensure the Group will continue to perform well while driving the healthy expansion of our business.

**APPRECIATION**

My appreciation also goes to all our customers for their continuous support and trust in us, to all our partners, service providers, suppliers and vendors for their continuous assistance in helping to keep our operations going, and to all relevant regulatory bodies including the Securities Commission and Bursa Securities for their support and guidance. I am confident that the year ahead will provide more opportunities for us to grow the Group together.

**Ng Chun Kooi**

*Executive Director and Chief Executive Officer*

29 May 2015







Sitting from left to right

**Ow Chee Cheoon**  
(Executive Director)

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

**Datuk Kamarudin Bin Md. Ali**  
(Independent Non-Executive Director and Chairman)

**Dato' Azizan Bin Jaafar**  
(Executive Director)

Standing from left to right

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

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

**Datuk Badil Zaman Bin Fazul Rahman**  
(Executive Director)

**Bernard Lim Soon Chiang**  
(Executive Director and Chief Financial Officer)

**Lam Vun Chiang**  
(Executive Director)

# BOARD OF DIRECTORS' PROFILE



## DATUK KAMARUDIN BIN MD. ALI

*Independent Non-Executive  
Director and Chairman  
Malaysian, aged 65*

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

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

He joined the Royal Malaysian Police (RMP) force as a probationary inspector in 1970. During his tenure with the RMP, he was appointed to several posts which included the Chief Police Officer of Kuala Lumpur and Johor Darul Takzim and Director of Management RMP. Being a professionally qualified and experienced police officer, he has extensive knowledge and skills in logistic management, manpower development, strategic planning, training and development, recruitment and selection, career development and crime prevention gained through a wide range of command posts and managerial capacities held during his tenure in the RMP.

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



## NG CHUN KOOI

*Executive Director  
and Chief Executive Officer  
Malaysian, aged 54*

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

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

He has more than 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 134 and 136 of this Annual Report.



## BOARD OF DIRECTORS' PROFILE

(Cont'd)

## OW CHEE CHEOON

*Executive  
Director  
Malaysian, aged 54*



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

Mr Ow has more than 25 years of experience in the construction and property development industries and is the co-founder of Motibina 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 134 and 136 of this Annual Report.

## DATO' AZIZAN BIN JAAFAR

*Executive  
Director  
Malaysian, aged 47*



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

Dato' Azizan graduated from the University of Salford, United Kingdom in 1992 with a Bachelor of Science in Quantity Surveying. He has more than 23 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 several of our subsidiaries and holds several other directorships in a number of private limited companies. His interests in the securities of the Company are as disclosed on pages 134 and 136 of this Annual Report.

## BOARD OF DIRECTORS' PROFILE

(Cont'd)



### BERNARD LIM SOON CHIANG

*Executive Director and  
Chief Financial Officer  
Malaysian, aged 43*

Mr Bernard Lim Soon Chiang joined the Board as an Executive Director on 31 July 2013 and is also the Chief Financial Officer 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 134 and 136 of this Annual Report.



### LAM VUN CHIANG

*Executive  
Director  
Malaysian, aged 44*

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

## BOARD OF DIRECTORS' PROFILE

(Cont'd)

**DATUK BADIL ZAMAN BIN FAZUL RAHMAN**

*Executive  
Director  
Malaysian, aged 57*



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 134 and 136 of this Annual Report.

**LOO CHOO HONG**

*Independent  
Non-Executive Director  
Malaysian, aged 42*



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 134 of this Annual Report.

## BOARD OF DIRECTORS' PROFILE

(Cont'd)



### MUK SAI TAT

*Independent  
Non-Executive Director  
Malaysian, aged 51*

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 presents this statement to provide an insight into the corporate governance ("CG") practices of the Company under the stewardship of the Board.**

**In building a sustainable business, the Board is mindful of its accountability to the shareholders and various stakeholders of the Company. This statement demonstrates the Board's commitment to cultivating a responsible organisation by striving toward achieving the recommended CG standards at all times.**

## **ESTABLISH CLEAR ROLES AND RESPONSIBILITIES**

### **1. Clear Roles and Responsibilities**

The principal governance responsibilities of the Board are to lead and control the Group. The Board plans the business directions, development and control of the Group and embraces the responsibilities recommended in the Malaysian Code on Corporate Governance, 2012 ("MCCG"), which facilitate the discharge of the Board's stewardship responsibilities. When implementing the business plan, the Executive Directors ("EDs") are responsible for making and implementing operational and corporate decisions while the Non-Executive Directors ("NEDs") play an important role in providing independent views, advice and judgment in safeguarding the interests of the shareholders.

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

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

The Board has wide responsibilities which are discharged in the best interests of the Company in pursuance of its objectives. Amongst the key responsibilities of the Board are:-

- reviewing and adopting the Company's strategic plans;
- overseeing the conduct of the Company's business;
- identifying principal risks and ensuring the implementation of appropriate systems to manage them; and
- succession planning.

### **2. Strategies Promoting Sustainability**

The Board promotes good CG through sustainability practices which are believed to translate into better corporate performance throughout the Company. Based on the business, industry, and regulatory environment in which the Group's businesses operate in, the Board considers and requires its business units comply with statutory regulations on safety and health and, promote appropriate environmental-friendly practices in the Group.



## STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

### 3. Access to Information and Advice

The Directors have independent access to the advice and dedicated support services of the Company Secretary to ensure effective functioning of the Board. The Directors may seek advice from the Management on issues pertaining to their respective jurisdictions. The Directors may also interact directly with, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from the Management.

The Board may seek independent professional advice at the Company's expense in discharging its various duties for the Company. Individual Directors may also obtain independent professional or other advice in fulfilling their duties, subject to approval by the Board, and depending on the quantum of the fees involved.

### 4. Qualified Company Secretary

The Secretary of the Company is qualified to act as company secretary under Section 139A of the Companies Act, 1965 ("Act"). The Company Secretary plays an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislation.

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.

## STRENGTHEN COMPOSITION

### 1. Audit Committee ("AC")

The members of the AC consist of solely Independent Non-Executive Directors ("INEDs"). The responsibilities, composition and activities of the Committee are outlined under the section of AC Report on pages 28 to 30 of this Annual Report.

### 2. Nomination Committee ("NC")

Functionally, the NC is responsible for reviewing and making recommendation of any appointments to the Board based on the size of the Board, mix of skills and experience and, other qualities a Director should bring to the Board. New nomination is assessed by the NC before it is recommended to the full Board for appointment. In addition, the NC assists the Board in appraising the performance of the Board, individual Directors and Board Committees and, reviewing the composition and effectiveness of the Board members annually.

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

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

Further details on the activities carried out by the NC are reported in the Statement by NC on page 33 of this Annual Report.

## STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

**STRENGTHEN COMPOSITION (Cont'd)****2. Nomination Committee ("NC") (Cont'd)****2.1 Re-election of Directors**

The Articles of Association of the Company ("AA") stipulates that all Board members who are appointed by the Board shall be subject to election by shareholders at the next AGM.

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

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

**3. Remuneration Committee ("RC")**

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

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

During the financial year, the RC conducted one (1) meeting and the meeting was attended by all the members of the Committee.

**3.1 Directors' Remuneration**

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

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

| Remuneration Bands        | EDs | NEDs |
|---------------------------|-----|------|
| RM100,000 and below       | -   | 2    |
| RM100,001 - RM150,000     | -   | 1    |
| RM350,001 - RM400,000     | 2   | -    |
| RM600,001 - RM650,000     | 1   | -    |
| RM950,001 - RM1,000,000   | 1   | -    |
| RM1,000,001 - RM1,050,000 | 1   | -    |
| RM1,150,001 - RM1,200,000 | 1   | -    |

## STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

### STRENGTHEN COMPOSITION (Cont'd)

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

##### 3.1 Directors' Remuneration (Cont'd)

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

|      | Fees *<br>(RM) | Salaries and<br>other<br>emoluments<br>(RM) | Bonuses<br>(RM) | Benefit-in-<br>kind<br>(RM) | EPF and<br>SOCSSO<br>(RM) | Total<br>(RM) |
|------|----------------|---|-----------------|-----------------------------|---------------------------|---------------|
| EDs  | -              | 2,965,200.00                                | 1,016,000.00    | 77,139.04                   | 480,223.20                | 4,538,562.24  |
| NEDs | 355,000.00     | -   | -               | -                           | -                         | 355,000.00    |

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

### REINFORCE INDEPENDENCE

#### 1. Annual Assessment of Independence

Policies and procedures were followed to ensure the effectiveness of the INEDs on the Board, including new appointments. The Board, through the NC, annually assesses the independence of the NEDs. This is in line with Recommendation 3.1 of the MCCG, as one of the factors in determining the NEDs' eligibility to stand for re-election/re-appointment.

Based on the assessment carried out in 2014, the Board is satisfied with the level of independence demonstrated by all the NEDs and their ability to act in the best interests of the Company during deliberations at Board meetings.

With regard to the one (1) INED who is eligible to stand for re-election at the forthcoming 5<sup>th</sup> AGM, the NC is satisfied that he is independent of the Management and free from any business or other relationships which could interfere with his exercise of independent judgement, objectivity or ability to act in the best interests of the Company. The Board, therefore, recommends and supports the proposed re-election in accordance with Article 95 of the AA.

#### 2. Separation of Positions of the Chairman and the Chief Executive Officer ("CEO")

The roles of the Chairman and the CEO are separated and held by different members of the Board. The Board Chairman, an INED is responsible for the Board's effectiveness and conduct, whilst the CEO has the overall responsibilities in the Group's operating units, organisational effectiveness and implementation of Board policies and decisions.

#### 3. Composition of the Board

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

The Directors play an active role in the Board's decision-making process, offering vast experience and knowledge as well as independence and objectivity, acting in the best interests of the Company, and thereby safeguarding the public interests.

## STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

## FOSTER COMMITMENT

## 1. Time Commitment

The fundamental of Directors' commitment is devotion of time and continuous improvement of knowledge and skill sets.

The Board meets at least every quarter and on other occasions, as and when necessary, to inter-alia review and approve quarterly financial results, statutory financial statements, the Annual Report, business ventures as well as to review the performance of the Company and its operating subsidiaries, governance matters and other business development matters.

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

| <b>Directors</b>   | <b>No. of Meetings Attended/<br/>No. of Meetings Held During<br/>Tenure of Office</b> |
|--|---|
| Datuk Kamarudin bin Md. Ali                              | 7/7   |
| Ng Chun Kooi   | 7/7   |
| Ow Chee Cheoon   | 7/7   |
| Dato' Azizan bin Jaafar                                  | 6/7   |
| Bernard Lim Soon Chiang                                  | 7/7   |
| Datuk Badil Zaman bin Fazul Rahman                       | 6/7   |
| Loo Choo Hong  | 7/7   |
| Muk Sai Tat  | 7/7   |
| Lam Vun Chiang ( <i>appointed on 18 March 2015</i> )     | -   |
| Meriah binti Nasibi ( <i>resigned on 18 March 2015</i> ) | 6/7   |

## 1.1 Annual Meeting Calendar

To facilitate the Directors' planning, an annual meeting calendar is prepared and circulated in advance of each new year. The calendar provides Directors with the scheduled dates for meetings of the Board and Board Committees as well as the AGM.

## 2. Training

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

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

- ASEAN Corporate Governance Scorecard
- Risk Management & Internal Control - Workshops for Audit Committee Members
- Directors Breakfast Series : "Great Companies Deserve Great Boards"
- Beyond the Bottom Line - Insights into Numbers that Capture Investors' Attention
- Nominating and Remuneration Committees - What Every Director Should Know
- IFRS Masterclass 2014
- IPO - Gaining Momentum
- ACCA Annual Conference 2014
- MIA International Accountants Conference 2014
- Goods and Services Tax - Its Impact on Employee Benefits
- Kursus Khas Cukai Barang dan Perkhidmatan (GST) untuk Ejen Cukai
- National Tax Conference 2014
- Seminar Percukaian Kebangsaan 2014

## STATEMENT ON CORPORATE GOVERNANCE

(Cont'd)

### UPHOLD INTEGRITY IN FINANCIAL REPORTING

#### 1. Compliance with Applicable Financial Reporting Standards

The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, including its position and future prospects through the issuance of Annual Audited Financial Statements and quarterly financial reports, and through corporate announcements on significant developments affecting the Company in accordance with the Main Market Listing Requirements of Bursa Securities ("MMLR").

The AC Chairman Mr Loo Choo Hong, a member of two (2) professional accounting organisations, together with the AC members, all of whom are financially literate, reviewed the Company's financial statements in the presence of the External Auditors prior to recommending them for approval by the Board and issuance to stakeholders.

The Chief Financial Officer ("CFO") formally presented to the AC and the Board details of revenues and expenditures in the form of charts for review of quarter-to-quarter and year-to-date financial performance against budget.

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

- i. External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- ii. CFO confirming that all relevant approved accounting standards and policies have been adopted, applied and followed in the financial statements with reasonable and prudent judgments and estimates.

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

#### 2. Assessment of Suitability and Independence of External Auditors

The AC at its meeting held on 23 April 2015 undertook an annual assessment of the suitability and independence of the External Auditors. In its assessment, the AC considered several factors, which included adequacy of experience and resources of the firm and the professional staff assigned to the audit, independence of Messrs BDO ("BDO") and the level of non-audit services to be rendered by BDO to the Company for the financial year 2015.

Being satisfied with BDO's performance, technical competency and audit independence, the AC recommended the appointment of BDO as External Auditors for the financial year ending 31 December 2015. The Board at its meeting held on 23 April 2015 approved the AC's recommendation for the shareholders' approval to be sought at the 5<sup>th</sup> AGM on the appointment of BDO as External Auditors of the Company for the financial year 2015.

### RECOGNISE AND MANAGE RISKS

#### 1. Sound Framework to Manage Risks

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

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

Further details of the Group's state of risk management and internal control systems are reported in the Statement on Risk Management and Internal Control on pages 31 and 32 of this Annual Report.



**STATEMENT ON CORPORATE GOVERNANCE**

(Cont'd)

**RECOGNISE AND MANAGE RISKS (Cont'd)****2. Internal Audit Function**

The Board has established an internal audit function which is currently outsourced to a professional firm. Functionally, the Internal Auditors report to the AC directly and they are responsible for conducting periodic reviews and appraisals of the effectiveness of governance, risk management and internal control processes within the Group.

**ENSURE TIMELY AND HIGH QUALITY DISCLOSURE****1. Corporate Disclosure Policy**

Corporate disclosure and information are important for investors and shareholders. The Board is advised by the Management, the Company Secretary and the External and Internal Auditors on the contents and timing of disclosure of the financial results and various announcements in accordance with the MMLR. The Management is invited to attend the Board and AC meetings and to provide explanations to the Board on the operations of the Group.

The Board continues to make use of its corporate website to communicate and disseminate information to shareholders and investors. Those principal governance information such as charter, Board Committees' ToRs are published in the Company's website and not in the Annual Report in order to reduce dilution of impact of issues presented in the Annual Report.

**STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS****1. Encourage Shareholder Participation at General Meetings**

The Company dispatches notice of its AGM to shareholders at least 21 days before the AGM. At the 4<sup>th</sup> AGM held on 26 June 2014, the Chairman briefed members, corporate representatives and proxies who were present of their right to speak and vote on the resolutions set out in the Notice of 4<sup>th</sup> AGM dated 4 June 2014. This is in line with Paragraph 7.21A(2) of the MMLR for promoting participation of members through proxies.

**2. Encourage Poll Voting**

Shareholders are reminded that they have the right to demand a poll vote at general meetings. Poll voting is mandated for related party transactions that require shareholders' approval.

**3. Effective Communication and Proactive Engagements**

At the 4<sup>th</sup> AGM, all nine (9) Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company. The proceedings of the 4<sup>th</sup> AGM included, amongst others, a Questions and Answers session during which the Chairman invited shareholders to raise questions pertaining to the Company's accounts and other items for adoption at the meeting, before putting a resolution to vote. The Directors, CEO, the Management and External Auditors were in attendance to respond to the shareholders' queries.

**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 23 April 2015.

# AUDIT COMMITTEE REPORT

**The Board presents the Audit Committee Report which provides insights into the manner in which the Audit Committee discharged its functions for the Group in FYE 2014.**

## 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 on page 28 of this Annual Report.

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 17 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.

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](http://www.gbg.com.my).

## MEETINGS AND ATTENDANCE

During the FYE 2014, the Committee held a total of eight (8) meetings. The CFO and Finance General Manager were invited to attend the AC Meetings during the financial year as requested by the AC to facilitate direct communication as well as to provide clarification on audit issues and the Group's operations.

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               | 8  | 8                              |
| Datuk Kamarudin bin Md. Ali | 8  | 8                              |
| Muk Sai Tat                 | 8  | 8                              |

The audit engagement partner of the External Auditors attended three (3) AC meetings in FYE 2014 to present the Status of Audit for FYE 2013, Audit Completion Report for FYE 2013, Audit Planning for FYE 2014 and Auditors' Report on the annual audited financial statements, and discussed with the AC new developments on accounting standards and regulatory requirements and the Group's adoption of the Malaysian Financial Reporting Standards ("MFRSs").

The AC obtained the External Auditors' confirmation that they were provided unfettered access to information and co-operation from the Management throughout the course of the audit. The External Auditors were also encouraged to raise to the AC any matter they considered important for the AC's attention. The AC Chairman also sought information on the communication flow between the External Auditors and the Management which was necessary to allow unrestricted access to information for the External Auditors to effectively perform their duties.

**AUDIT COMMITTEE REPORT**

(Cont'd)

**MEETINGS AND ATTENDANCE (Cont'd)**

The AC had two (2) private meetings with the External Auditors in 2014 without the presence of the CFO, the Management and Internal Auditors. At these meetings, the AC enquired about the Management's co-operation with the External Auditors, their sharing of information and the proficiency and adequacy of resources in financial reporting functions, particularly in relation to the applicable Financial Reporting Standards. The AC also permitted the External Auditors to contact any of the AC members at any time that they became aware of incidents or matters in the course of their audits or reviews that needed attention of the AC or the Board.

Minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting and subsequently presented to the Board for notation. In 2014, the AC Chairman presented the Board with the Committee's recommendations to approve the annual and quarterly financial statements as well as declaration of final dividend. The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditors or Internal Auditors.

**SUMMARY OF ACTIVITIES**

During the FYE 2014, the activities undertaken by the AC comprised the followings:-

**1. Financial Reporting**

- a) In overseeing the Company's financial reporting, the AC reviewed the quarterly financial statements for the fourth quarter of 2013 at its meeting on 28 February 2014.

The quarterly financial statements for the first, second and third quarters of 2014 were reviewed at the AC meetings on 21 May 2014, 28 August 2014 and 15 November 2014 respectively.

On 25 February 2015 and 23 April 2015, the AC reviewed the quarterly financial statements for the fourth quarter of 2014 and the annual audited financial statements for 2014 respectively.

The AC's recommendations were presented for approval at the subsequent Board meetings.

- b) To safeguard the integrity of information, the AC was given assurance that:-
- appropriate accounting policies had been adopted and applied consistently;
  - the going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements was appropriate;
  - prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
  - adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs, International Financial Reporting Standards and MMLR; and
  - the Annual Financial Statements and Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for 2014.

**2. External Audit**

- a) The AC deliberated the External Auditors' Audit Completion Report for FYE 2013 at its meeting on 24 April 2014 with regard to the relevant disclosures in the annual audited financial statements for 2013. The AC also considered suggestions to improve the accounting procedures and internal control measures.
- b) The AC reviewed the performance of the External Auditors, including assessment of their independence in performing their obligations. Based on the evaluation of their performance and audit fees, the AC was satisfied with the External Auditors' technical competency and independence for 2014. With that, the AC further recommended to the Board the re-appointment of the External Auditors for 2014.

**AUDIT COMMITTEE REPORT**

(Cont'd)

**SUMMARY OF ACTIVITIES (Cont'd)****2. External Audit (Cont'd)**

- c) On 27 November 2014, the AC reviewed the External Auditors' Audit Planning for FYE 2014 outlining their scope of work.
- d) On 23 April 2015, the AC was presented with non-audit fees incurred in 2014 amounted to RM13,000, constituting approximately 6.3% of the total remuneration of RM207,500 to the External Auditors for the FYE 2014.
- e) On 23 April 2015, the AC assessed the suitability of the External Auditors. The AC considered several factors including independence, the adequacy of experience and resources of the firm and the professional staff assigned to the audit, and the level of non-audit services to be rendered by the External Auditors to the Group for the FYE 2015.

Being satisfied with BDO's performance, technical competency and audit independence, the AC recommended to the Board for approval of the re-appointment of BDO as External Auditors for the financial year ending 31 December 2015.

**3. Internal Audit**

- a) The outsourced Internal Auditors presented the internal audit ("IA") reports at AC meetings during the year. The reports contained:-
  - the status and progress of IA assignments including executive summaries of the IA reports issued;
  - audit recommendations provided by the Internal Auditors; and
  - the Management's responses to those recommendations.
- b) During AC meetings in 2014, the Internal Auditors gave assurance to the AC that there was no material issue or major deficiency noted that posed a high risk to the overall system of internal control.
- c) At the meeting on 28 August 2014, the AC considered the adequacy of scope and coverage of the Group's activities and approved the Internal Auditors' Proposed Internal Audit Plan for 2015.
- d) On 23 April 2015, the AC reviewed the annual Statement on Risk Management and Internal Control for publication in the 2014 Annual Report.

**INTERNAL AUDIT FUNCTION**

The IA functions include providing the Board, through the AC, reasonable assurance of the effectiveness of the Group's risk management, control and governance processes. The Internal Auditors reported functionally to the AC.

To ensure that the responsibilities of the Internal Auditors are fully discharged, the AC reviews the adequacy of the scope, functions and resources of the IA function as well as the competency of the Internal Auditors.

The Internal Auditors also highlighted to the AC the audit findings which required follow-up actions by the Management as well as outstanding audit issues which required corrective actions to ensure an adequate and effective internal control system within the Group.

The results of the audits in the IA reports were reviewed by the AC. The relevant Management members were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes. The Internal Auditors conducted follow-up audits to ensure the corrective actions were implemented appropriately. In this respect, the IA has added value by improving the control processes within the Group.

The total costs incurred for the outsourced internal audit function of the Group for the FYE 2014 amounted to RM71,005 against RM59,833 in FYE 2013.

# 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 and chaired by the CEO. The members of the Management Committee ensure that risks and challenges are tracked and action plans are re-aligned timely in order to achieve the desired operational and financial performance targets.

Agenda and issues discussed at the Management Committee meetings are further cascaded to next management level through the respective monthly Business Unit Management meetings. These meetings, chaired by an ED, are used as a mean of communication and feedback channel from the Management Committee to Departmental Heads. In these meetings, progress of business operations and various operational and financial issues in the respective business segments are dealt with in greater details.

The Board has formed the Risk Management Committee ("RMC") comprising INED and executive members of the Board. Functionally, the RMC will be assisted by a risk management sub-committee headed by the CFO. Subsequent to the financial year, the RMC had conducted its meetings and, reviewed and assessed the status of the current and new risks identified and the actions needed to address these risks. Going forward, the RMC would oversee the implementation of structured approach for risk management in the Group.

## 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 concluding supply or service;
- 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 to 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 23 April 2015.

# 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 NC of the Board is responsible for assessing the performance of Directors, evaluating and recommending suitable candidates for Board appointment. 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). The ToR of the NC are published on the corporate website of the Company for shareholders' reference.

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 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.

When assessing a nominated candidate, the NC would evaluate his/her experience, integrity, competency and character by considering his/her qualification, past career history, references and expected contributions to the Group.

Whilst the Board does not have female Director at the moment, 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. 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.

The NC is empowered by the Board to annually review the performance of the Board, Board Committees and individual Board members. The objective of this review is to facilitate the assessment of size and composition of the Board and the needs and expectations of the stakeholders.

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. As part of the performance evaluation, the NC would also identify and propose the training needs to strengthen the competencies of the Board in the necessary areas.

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.

# CORPORATE RESPONSIBILITY STATEMENT

**By being a responsible corporate citizen, the Company does not only focus on creating sustainable developments for the future generations, but also commits to practising the standards set in the MCCG, 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 seeks to ensure that the interests of its stakeholders from shareholders, investors, customers, employees and the community are cared for through its conscious endeavours to integrate all its business plans and activities with corporate responsibility values.

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

## ***BUSINESS ETHICS AND GOVERNANCE***

The Group is committed to excellence in corporate governance, transparency and accountability. We comply with all applicable laws, regulations, codes of practice and directives and, conduct our business operations with utmost integrity.

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

## ***EMPLOYEE ENGAGEMENT***

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.

## ***TRAINING AND DEVELOPMENT***

The Group continues to provide learning and development platforms to all the employees from non-executive up to top management levels. All employees are provided with development programmes befitting their respective field of work to maximise their personal and career developments.

**CORPORATE RESPONSIBILITY STATEMENT**

(Cont'd)

**HEALTH AND SAFETY**

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

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

**CUSTOMER SATISFACTION**

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

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

**INVESTORS RELATIONS**

The rights of all shareholders, be it institutional, retail or minority, to information are respected. 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.

**COMMUNITY**

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 a Hari Raya Open House for the employees together with an old folks home and orphanage at Tropicana Golf and Country Resort during the year.

**ENVIRONMENTAL PROTECTION**

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 all the construction sites with balance of benefits and costs.

**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 MFRSs, 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

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- 043 Statement by Directors and Statutory Declaration
- 044 Independent Auditors' Report
- 046 Statements of Financial Position
- 047 Statements of Profit or Loss and Other Comprehensive Income
- 048 Consolidated Statement of Changes in Equity
- 049 Statement of Changes in Equity
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## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

### 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<br>RM | Company<br>RM |
|-------------------------------|-------------|---------------|
| Profit for the financial year | 73,300,692  | 22,519,454    |
| Attributable to:              |             |               |
| Owners of the parent          | 52,948,216  | 22,519,454    |
| Non-controlling interests     | 20,352,476  | -             |
|                               | 73,300,692  | 22,519,454    |

### DIVIDENDS

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

|   | Company<br>RM |
|---|---------------|
| 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 propose 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 in respect of the financial year ended 31 December 2014, subject to the approval of the members at the forthcoming Annual General Meeting.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

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

The Company did not issue any new debentures during the financial year.

**DIRECTORS' REPORT**

(Cont'd)

**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.

**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 4<sup>th</sup> Annual General Meeting held on 26 June 2014, 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 2,163,400 of its ordinary shares of RM0.25 each from the open market for a total consideration of RM2,663,430 at an average price of 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. 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 2014, 2,474,900 ordinary shares of RM0.25 each amounting to 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 388,445,100.

**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                     | (Appointed on 18 March 2015) |
| Meriah Binti Nasibi                | (Resigned on 18 March 2015)  |

In accordance with Article 95 of the Company's Articles of Association, Ng Chun Kooi, Dato' Azizan Bin Jaafar and Loo Choo Hong retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

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

**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 2014 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, were as follows:

| Shares in the Company              | ← Number of ordinary shares of RM0.25 each → |            |              |                                |
|------------------------------------|--|------------|--------------|--------------------------------|
|                                    | Balance<br>as at<br>1.1.2014                 | Bought     | Sold         | Balance<br>as at<br>31.12.2014 |
| <u>Direct interests</u>            |  |            |              |                                |
| Ng Chun Kooi                       | 37,342,592                                   | -          | -            | 37,342,592                     |
| Ow Chee Cheoon                     | 16,676,000                                   | 15,800,000 | -            | 32,476,000                     |
| Dato' Azizan Bin Jaafar            | 200,000                                      | -          | -            | 200,000                        |
| Datuk Badil Zaman Bin Fazul Rahman | 500,000                                      | 2,880,000  | -            | 3,380,000                      |
| Meriah Binti Nasibi                | 35,871,600                                   | -          | (30,800,000) | 5,071,600                      |
| Loo Choo Hong                      | 100,000                                      | -          | -            | 100,000                        |
| Bernard Lim Soon Chiang            | 18,480,000                                   | 1,500,000  | (10,700,000) | 9,280,000                      |
| <u>Indirect interests</u>          |  |            |              |                                |
| Ng Chun Kooi                       | 64,778,900                                   | -          | -            | 64,778,900                     |
| Ow Chee Cheoon                     | -  | 40,700,000 | -            | 40,700,000                     |
| Dato' Azizan Bin Jaafar            | 15,000,000                                   | 25,700,000 | -            | 40,700,000                     |
| Bernard Lim Soon Chiang            | -  | 40,700,000 | -            | 40,700,000                     |
| Warrants in the Company            | ← Number of warrants <sup>^</sup> →          |            |              |                                |
|                                    | Balance<br>as at<br>1.1.2014                 | Bought     | Sold         | Balance<br>as at<br>31.12.2014 |
| <u>Direct interests</u>            |  |            |              |                                |
| Dato' Azizan Bin Jaafar            | 90,000                                       | -          | -            | 90,000                         |
| Datuk Badil Zaman Bin Fazul Rahman | 225,000                                      | -          | -            | 225,000                        |
| Meriah Binti Nasibi                | 4  | -          | -            | 4                              |
| Bernard Lim Soon Chiang            | 1,696,500                                    | 6,750,000  | -            | 8,446,500                      |
| <u>Indirect interests</u>          |  |            |              |                                |
| 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                      |

<sup>^</sup> 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 37 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 20 to the financial statements.

**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY****(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that provision need not be 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 render the amounts written off for bad debts inadequate to any material extent or necessitate the making of provision for doubtful debts in the financial statements of the Group and of the Company;
  - (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 41 to the financial statements.

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

Significant events subsequent to the end of the reporting period are disclosed in Note 42 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

Kuala Lumpur  
23 April 2015

**Ow Chee Cheoon**  
Director

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 46 to 128 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 2014 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 43 to the financial statements on page 129 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

On behalf of the Board,

**Ng Chun Kooi**  
Director

**Ow Chee Cheoon**  
Director

Kuala Lumpur  
23 April 2015

## 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 46 to 129 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly                     )  
declared by the abovenamed at         )  
Kuala Lumpur this                             )  
23 April 2015                                     )

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 2014 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 46 to 128.

### *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 2014 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 43 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other Matters**

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

**BDO**

AF : 0206

Chartered Accountants

Kuala Lumpur  
23 April 2015**Tang Seng Choon**

2011/12/15 (J)

Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

|  |       | Group       |             | Company     |             |
|--|-------|-------------|-------------|-------------|-------------|
|  | Note  | 2014<br>RM  | 2013<br>RM  | 2014<br>RM  | 2013<br>RM  |
| <b>ASSETS</b>                                      |       |             |             |             |             |
| <b>Non-current assets</b>                          |       |             |             |             |             |
| Property, plant and equipment                      | 7     | 54,525,731  | 18,030,615  | -           | -           |
| Land held for property development                 | 8     | 87,579,361  | 47,663,012  | -           | -           |
| Investment property                                | 9     | -           | -           | -           | -           |
| Investments in subsidiaries                        | 10    | -           | -           | 76,414,637  | 74,414,635  |
| Investment in an associate                         | 11    | 3,502,486   | -           | -           | -           |
| Investment in a joint venture                      | 12    | 250,755     | 3,000       | 255,000     | 3,000       |
| Other investments                                  | 13    | -           | 2,115       | -           | -           |
| Deferred tax assets                                | 14    | 7,097,297   | 5,648,945   | -           | -           |
|  |       | 152,955,630 | 71,347,687  | 76,669,637  | 74,417,635  |
| <b>Current assets</b>                              |       |             |             |             |             |
| Property development costs                         | 15    | 185,586,425 | 202,586,667 | -           | -           |
| Inventories  | 16    | 34,410,100  | 1,814,115   | -           | -           |
| Trade and other receivables                        | 17    | 412,503,853 | 321,265,485 | 119,262,138 | 55,272,773  |
| Current tax assets                                 |       | 1,889,967   | 3,078,266   | 372,930     | 341,426     |
| Short term funds                                   | 18    | 1,501,487   | 20,952,966  | 1,501,487   | 20,952,966  |
| Cash and bank balances                             | 19    | 46,847,042  | 42,434,728  | 5,577,387   | 1,494,247   |
|  |       | 682,738,874 | 592,132,227 | 126,713,942 | 78,061,412  |
| <b>TOTAL ASSETS</b>                                |       | 835,694,504 | 663,479,914 | 203,383,579 | 152,479,047 |
| <b>EQUITY AND LIABILITIES</b>                      |       |             |             |             |             |
| <b>Equity attributable to owners of the parent</b> |       |             |             |             |             |
| Share capital                                      | 20    | 97,730,000  | 88,880,000  | 97,730,000  | 88,880,000  |
| Reserves   | 21    | 235,372,507 | 162,354,167 | 105,372,652 | 62,783,074  |
|  |       | 333,102,507 | 251,234,167 | 203,102,652 | 151,663,074 |
| Non-controlling interests                          | 10(h) | 7,751,666   | 10,919,191  | -           | -           |
| <b>TOTAL EQUITY</b>                                |       | 340,854,173 | 262,153,358 | 203,102,652 | 151,663,074 |
| <b>LIABILITIES</b>                                 |       |             |             |             |             |
| <b>Non-current liabilities</b>                     |       |             |             |             |             |
| Borrowings   | 22    | 12,628,377  | 34,489,046  | -           | -           |
| Deferred tax liabilities                           | 14    | 3,570,554   | 2,502,055   | -           | -           |
|  |       | 16,198,931  | 36,991,101  | -           | -           |
| <b>Current liabilities</b>                         |       |             |             |             |             |
| Trade and other payables                           | 24    | 299,388,614 | 251,629,533 | 280,927     | 815,973     |
| Borrowings   | 22    | 160,777,442 | 99,702,750  | -           | -           |
| Current tax liabilities                            |       | 18,475,344  | 13,003,172  | -           | -           |
|  |       | 478,641,400 | 364,335,455 | 280,927     | 815,973     |
| <b>TOTAL LIABILITIES</b>                           |       | 494,840,331 | 401,326,556 | 280,927     | 815,973     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                |       | 835,694,504 | 663,479,914 | 203,383,579 | 152,479,047 |

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



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2014

|  |       | Group         |               | Company     |             |
|--|-------|---------------|---------------|-------------|-------------|
|  | Note  | 2014<br>RM    | 2013<br>RM    | 2014<br>RM  | 2013<br>RM  |
| Revenue  | 28    | 534,163,223   | 406,307,616   | 25,480,000  | 14,886,436  |
| Cost of sales  | 29    | (379,906,942) | (301,584,099) | -           | -           |
| Gross profit   |       | 154,256,281   | 104,723,517   | 25,480,000  | 14,886,436  |
| Other income   |       | 3,066,563     | 21,433,148    | 330,007     | 1,001,694   |
| Operating costs  |       | (45,239,691)  | (49,413,587)  | (3,322,057) | (5,021,537) |
| Finance costs  | 30    | (6,003,512)   | (4,237,585)   | -           | -           |
| Share of profit of an associate, net of tax                                      |       | 180,286       | -             | -           | -           |
| Share of loss of a joint venture, net of tax                                     |       | (4,245)       | -             | -           | -           |
| Profit before tax  | 31    | 106,255,682   | 72,505,493    | 22,487,950  | 10,866,593  |
| Taxation   | 32    | (32,954,990)  | (21,148,760)  | 31,504      | (890,345)   |
| Profit for the financial year  |       | 73,300,692    | 51,356,733    | 22,519,454  | 9,976,248   |
| Other comprehensive income,<br>net of tax  |       | -             | -             | -           | -           |
| Total comprehensive income   |       | 73,300,692    | 51,356,733    | 22,519,454  | 9,976,248   |
| Attributable to:   |       |               |               |             |             |
| Owners of the parent   |       | 52,948,216    | 42,839,997    | 22,519,454  | 9,976,248   |
| Non-controlling interests  | 10(h) | 20,352,476    | 8,516,736     | -           | -           |
|  |       | 73,300,692    | 51,356,733    | 22,519,454  | 9,976,248   |
| Earnings per ordinary share<br>attributable to equity holders<br>of the Company: |       |               |               |             |             |
| Basic earnings per ordinary<br>share (sen)                                       | 33    | 14.41         | 12.05         |             |             |
| Diluted earnings per ordinary<br>share (sen)                                     | 33    | 10.04         | 12.05         |             |             |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

| Group  | Note  | ← Non-distributable → Distributable |                    |                  |                      |   | Total equity RM |
|--|-------|-------------------------------------|--------------------|------------------|----------------------|---|-----------------|
|  |       | Share capital RM                    | Treasury shares RM | Share premium RM | Retained earnings RM | Total attributable to owners of the parent RM |                 |
| Balance as at 1 January 2013                                       |       | 88,880,000                          | -                  | 56,040,571       | 70,489,902           | 215,410,473                                   | 217,559,944     |
| Profit for the financial year                                      |       | -                                   | -                  | -                | 42,839,997           | 42,839,997                                    | 51,356,733      |
| Other comprehensive income, net of tax                             |       | -                                   | -                  | -                | -                    | -   | -               |
| Total comprehensive income   |       | -                                   | -                  | -                | 42,839,997           | 42,839,997                                    | 51,356,733      |
| <b>Transactions with owners</b>                                    |       |                                     |                    |                  |                      |   |                 |
| Dividend paid  | 34    | -                                   | -                  | -                | (5,546,112)          | (5,546,112)                                   | (5,546,112)     |
| Acquisition of additional interests in a subsidiary                | 10(e) | -                                   | -                  | -                | (1,125,883)          | (1,125,883)                                   | (872,899)       |
| Share repurchased  | 21(a) | -                                   | (344,308)          | -                | -                    | (344,308)                                     | (344,308)       |
| Total transactions with owners                                     |       | -                                   | (344,308)          | -                | (6,671,995)          | (7,016,303)                                   | (6,763,319)     |
| Balance as at 31 December 2013                                     |       | 88,880,000                          | (344,308)          | 56,040,571       | 106,657,904          | 251,234,167                                   | 262,153,358     |
| Balance as at 1 January 2014                                       |       | 88,880,000                          | (344,308)          | 56,040,571       | 106,657,904          | 251,234,167                                   | 262,153,358     |
| Profit for the financial year                                      |       | -                                   | -                  | -                | 52,948,216           | 52,948,216                                    | 73,300,692      |
| Other comprehensive income, net of tax                             |       | -                                   | -                  | -                | -                    | -   | -               |
| Total comprehensive income   |       | -                                   | -                  | -                | 52,948,216           | 52,948,216                                    | 73,300,692      |
| <b>Transactions with owners</b>                                    |       |                                     |                    |                  |                      |   |                 |
| Dividend paid  | 34    | -                                   | -                  | -                | (6,771,231)          | (6,771,231)                                   | (6,771,231)     |
| Dividend paid to non-controlling interests of a subsidiary         | 10(i) | -                                   | -                  | -                | -                    | (12,422,901)                                  | (12,422,901)    |
| Dividend-in-kind paid to non-controlling interests of a subsidiary | 10(i) | -                                   | -                  | -                | -                    | (11,097,100)                                  | (11,097,100)    |
| Ordinary shares issued pursuant to a private placement             | 20    | 8,850,000                           | -                  | 30,090,000       | -                    | 38,940,000                                    | 38,940,000      |
| Share issue expenses   |       | -                                   | -                  | (585,215)        | -                    | (585,215)                                     | (585,215)       |
| Share repurchased  | 21(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                                    | 5,400,123       |
| Balance as at 31 December 2014                                     |       | 97,730,000                          | (3,007,738)        | 85,545,356       | 152,834,889          | 333,102,507                                   | 340,854,173     |

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

# STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

| Company  | Note  | Non-distributable |                    | Share premium RM | Distributable Retained earnings RM | Total equity RM |
|--|-------|-------------------|--------------------|------------------|------------------------------------|-----------------|
|  |       | Share capital RM  | Treasury shares RM |                  |                                    |                 |
| Balance as at 1 January 2013                           |       | 88,880,000        | -                  | 56,040,571       | 2,656,675                          | 147,577,246     |
| Profit for the financial year                          |       | -                 | -                  | -                | 9,976,248                          | 9,976,248       |
| Other comprehensive income, net of tax                 |       | -                 | -                  | -                | -                                  | -               |
| Total comprehensive income                             |       | -                 | -                  | -                | 9,976,248                          | 9,976,248       |
| <b>Transactions with owners</b>                        |       |                   |                    |                  |                                    |                 |
| Dividend paid  | 34    | -                 | -                  | -                | (5,546,112)                        | (5,546,112)     |
| Share repurchased                                      | 21(a) | -                 | (344,308)          | -                | -                                  | (344,308)       |
| Total transactions with owners                         |       | -                 | (344,308)          | -                | (5,546,112)                        | (5,890,420)     |
| Balance as at 31 December 2013                         |       | 88,880,000        | (344,308)          | 56,040,571       | 7,086,811                          | 151,663,074     |
| 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      |
| <b>Transactions with owners</b>                        |       |                   |                    |                  |                                    |                 |
| Dividend paid  | 34    | -                 | -                  | -                | (6,771,231)                        | (6,771,231)     |
| Ordinary shares issued pursuant to a private placement | 20    | 8,850,000         | -                  | 30,090,000       | -                                  | 38,940,000      |
| Share issue expenses                                   |       | -                 | -                  | (585,215)        | -                                  | (585,215)       |
| Share repurchased                                      | 21(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     |

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

# STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2014

|   |       | Group         |               | Company      |              |
|---|-------|---------------|---------------|--------------|--------------|
|   | Note  | 2014<br>RM    | 2013<br>RM    | 2014<br>RM   | 2013<br>RM   |
| <b>CASH FLOWS FROM<br/>OPERATING ACTIVITIES</b>           |       |               |               |              |              |
| Profit before tax   |       | 106,255,682   | 72,505,493    | 22,487,950   | 10,866,593   |
| Adjustments for:  |       |               |               |              |              |
| Bad debts written off                                     |       | 3,366         | -             | -            | -            |
| Depreciation of property, plant and equipment             | 7     | 5,786,697     | 2,704,464     | -            | -            |
| Dividend income   |       | -             | -             | (25,480,000) | (14,886,436) |
| Impairment losses on:                                     |       |               |               |              |              |
| - goodwill on consolidation                               | 35(d) | -             | 7,475         | -            | -            |
| - trade receivables                                       | 17(i) | -             | 113,935       | -            | -            |
| - other receivables                                       | 17(i) | -             | 206,222       | -            | -            |
| Interest expense  | 30    | 6,003,512     | 4,237,585     | -            | -            |
| Interest income   |       | (1,803,074)   | (2,297,796)   | (330,007)    | (1,001,687)  |
| Net gain on disposals of:                                 |       |               |               |              |              |
| - property, plant and equipment                           |       | (181,334)     | (188,749)     | -            | -            |
| - investment property                                     | 9     | -             | (17,622,411)  | -            | -            |
| - other investments                                       |       | (7,979)       | -             | -            | -            |
| Property, plant and equipment written off                 | 7     | 127,635       | 39,923        | -            | -            |
| Share of profit of an associate, net of tax               |       | (180,286)     | -             | -            | -            |
| Share of loss of a joint venture, net of tax              |       | 4,245         | -             | -            | -            |
| Operating profit/(loss) before changes in working capital |       | 116,008,464   | 59,706,141    | (3,322,057)  | (5,021,530)  |
| Changes in working capital:                               |       |               |               |              |              |
| Property development costs                                |       | (15,595,743)  | (47,940,839)  | -            | -            |
| Trade and other receivables                               |       | (114,821,635) | (132,461,434) | 1,349,447    | (1,458,355)  |
| Trade and other payables                                  |       | 47,759,081    | 54,350,232    | (535,046)    | (184,862)    |
| Cash generated from/(used in) operations                  |       | 33,350,167    | (66,345,900)  | (2,507,656)  | (6,664,747)  |
| Interest paid   |       | (5,280,859)   | (3,941,393)   | -            | -            |
| Interest received   |       | 1,803,074     | 2,297,796     | 330,007      | 1,001,687    |
| Tax paid  |       | (26,677,772)  | (19,625,941)  | -            | -            |
| Tax refunded  |       | 3,400         | 4,035,751     | -            | 127,338      |
| Net cash from/(used in) operating activities              |       | 3,198,010     | (83,579,687)  | (2,177,649)  | (5,535,722)  |

**STATEMENTS OF CASH FLOWS**

For the Financial Year Ended 31 December 2014 (Cont'd)

|  |             | <b>Group</b>       |                    | <b>Company</b>     |                    |
|--|-------------|--------------------|--------------------|--------------------|--------------------|
|  | <b>Note</b> | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                |             |                    |                    |                    |                    |
| Advances to subsidiaries                                   |             | -                  | -                  | (65,338,812)       | (14,617,629)       |
| Acquisitions of:   |             |                    |                    |                    |                    |
| - subsidiaries for cash, net of cash acquired              |             | -                  | (2)                | (2,000,002)        | (4)                |
| - additional interest in a wholly-owned subsidiary         | 10(f)       | -                  | -                  | -                  | (3,400,000)        |
| - interest in a joint venture                              | 12(d)       | (252,000)          | (3,000)            | (252,000)          | (3,000)            |
| - interest in an associate                                 | 11          | (3,322,200)        | -                  | -                  | -                  |
| Dividends received   |             | -                  | -                  | 25,480,000         | 13,527,327         |
| Proceeds from disposals of:                                |             |                    |                    |                    |                    |
| - property, plant and equipment                            |             | 216,145            | 552,000            | -                  | -                  |
| - investment property                                      | 9           | -                  | 50,000,000         | -                  | -                  |
| - other investments  |             | 10,094             | -                  | -                  | -                  |
| Purchases of:  |             |                    |                    |                    |                    |
| - property, plant and equipment                            | 7(a)        | (27,387,277)       | (5,591,313)        | -                  | -                  |
| - land held for property development                       |             | (27,433,548)       | (47,663,012)       | -                  | -                  |
| Withdrawals/(Placements) of short term funds               |             | 980,393            | (980,393)          | 980,393            | (980,393)          |
| (Placements)/Withdrawals of fixed deposits pledged         |             | (624,849)          | 7,336,240          | -                  | -                  |
| Net cash (used in)/from investing activities               |             | (57,813,242)       | 3,650,520          | (41,130,421)       | (5,473,699)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                |             |                    |                    |                    |                    |
| Interest paid  |             | (722,653)          | (296,192)          | -                  | -                  |
| Dividends paid   | 34          | (6,771,231)        | (5,546,112)        | (6,771,231)        | (5,546,112)        |
| Dividend paid to non-controlling interests of a subsidiary | 10(i)       | (12,422,901)       | -                  | -                  | -                  |
| Shares repurchased   | 21(a)       | (2,663,430)        | (344,308)          | (2,663,430)        | (344,308)          |
| Proceeds from issuance of ordinary shares                  | 20          | 38,940,000         | -                  | 38,940,000         | -                  |
| Payments of share issue expenses                           |             | (585,215)          | -                  | (585,215)          | -                  |
| Drawdowns of revolving credits                             |             | 5,000,000          | -                  | -                  | -                  |
| Drawdowns of term loans                                    |             | 32,695,513         | 63,527,767         | -                  | -                  |
| Repayments of term loans                                   |             | (50,011,503)       | (30,874,720)       | -                  | -                  |
| Repayments to hire-purchase creditors                      |             | (3,993,515)        | (1,863,821)        | -                  | -                  |
| Net cash (used in)/from financing activities               |             | (534,935)          | 24,602,614         | 28,920,124         | (5,890,420)        |
| Net decrease in cash and cash equivalents                  |             | (55,150,167)       | (55,326,553)       | (14,387,946)       | (16,899,841)       |
| Cash and cash equivalents at beginning of financial year   |             | (30,510,030)       | 24,816,523         | 21,466,820         | 38,366,661         |
| Cash and cash equivalents at end of financial year         | 19          | (85,660,197)       | (30,510,030)       | 7,078,874          | 21,466,820         |



**STATEMENTS OF CASH FLOWS**

For the Financial Year Ended 31 December 2014 (Cont'd)

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

|  |             | <b>Group</b>       |                    | <b>Company</b>     |                    |
|--|-------------|--------------------|--------------------|--------------------|--------------------|
|  | <b>Note</b> | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> |
| Dividend-in-kind via allocation of properties                  | 10(i)       | 11,097,100         | -                  | -                  | -                  |
| Transfer of property development costs to inventories          | 15          | 32,595,985         | 1,814,115          | -                  | -                  |
| Transfer of deposit paid to land held for property development | 17(f)       | 12,482,801         | -                  | -                  | -                  |

*The accompanying notes form an integral part of the financial statement.*

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

## 1. CORPORATE INFORMATION

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

The registered office of the Company is located at G-58-1, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

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

The consolidated financial statements for the financial year ended 31 December 2014 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 23 April 2015.

## 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 46 to 128 have been prepared in accordance with Financial Reporting Standards ('FRSs') and the provisions of the Companies Act, 1965 in Malaysia. However, Note 43 to the financial statements as set out on page 129 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 2014 (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:

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

**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 Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

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

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

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

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

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

|   |            |
|---|------------|
| Leasehold land and building             | 2%         |
| Information Technology ('IT') equipment | 20%        |
| Furniture and fittings                  | 8% to 10%  |
| Motor vehicles                          | 20%        |
| Office and computer equipment           | 10% to 40% |
| Operation and construction equipment    | 10% to 20% |
| Plant, machinery and cabins             | 10% to 15% |
| Signboard                               | 10%        |

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write-down is made if the carrying amount exceeds the recoverable amount (see Note 4.14 to the financial statements on impairment of non-financial assets).

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

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

#### 4.5 Leases and hire-purchase

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

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



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****4.5 Leases and hire-purchase (Cont'd)****(a) Finance leases and hire-purchase (Cont'd)**

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

**(b) Operating lease**

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

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

**(c) Leases of land and buildings**

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

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

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

**4.6 Property development activities****(a) Land held for property development**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

##### (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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****4.8 Investment properties (Cont'd)**

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.

**(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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 4.9 Investments (Cont'd)

##### (b) Associate (Cont'd)

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.

##### (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.

##### 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*.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****4.9 Investments (Cont'd)****(c) Joint arrangements (Cont'd)**Joint venture (Cont'd)

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

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

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

**4.10 Goodwill**

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

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 4.12 Financial instruments

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

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

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

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

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

##### (a) Financial assets

A financial asset is classified into the following four (4) categories after initial recognition for the purpose of subsequent measurement:

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

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

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

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

##### (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.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****4.12 Financial instruments (Cont'd)****(a) Financial assets (Cont'd)****(iii) Loans and receivables**

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

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

**(iv) Available-for-sale financial assets**

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

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

Cash and bank balances include cash and cash equivalents, bank overdrafts, fixed deposits pledged to financial institutions, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

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

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 4.12 Financial instruments (Cont'd)

##### (b) Financial liabilities

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. A financial liability is classified into the following two (2) categories after initial recognition for the purpose of subsequent measurement:

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

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

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

##### (ii) Other financial liabilities

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

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

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

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****4.12 Financial instruments (Cont'd)****(c) Equity**

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

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

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

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

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

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

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

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

**4.13 Impairment of financial assets**

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

**(i) Loans and receivables**

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

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 4.13 Impairment of financial assets (Cont'd)

##### (i) Loans and receivables (Cont'd)

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

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

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

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

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

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

#### 4.14 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries, 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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****4.14 Impairment of non-financial assets (Cont'd)**

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

### 4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### 4.16 Income taxes (Cont'd)

##### (b) Deferred tax (Cont'd)

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

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

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

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

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

#### 4.17 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.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****4.18 Contingent liabilities and contingent assets**

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

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

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

**4.19 Employee benefits****(a) Short term employee benefits**

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

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

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

**(b) Defined contribution plan**

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

**4.20 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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****4.20 Foreign currencies (Cont'd)****(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.

**(b) Construction contracts**

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

When it is probable that total contract costs 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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****4.21 Revenue recognition (Cont'd)**

## (c) Interest income

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

## (d) Dividend income

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

**4.22 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.

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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)****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.

**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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

**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.

| <b>Title</b>  | <b>Effective Date</b> |
|---|-----------------------|
| Amendments to FRS 10 <i>Consolidated Financial Statements: Investment Entities</i>        | 1 January 2014        |
| Amendments to FRS 12 <i>Disclosure of Interest in Other Entities: Investment Entities</i> | 1 January 2014        |
| Amendments to FRS 127 <i>Separate Financial Statements (2011): Investment Entities</i>    | 1 January 2014        |
| Amendments to FRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>        | 1 January 2014        |
| Amendments to FRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>      | 1 January 2014        |
| Amendments to FRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i> | 1 January 2014        |
| IC Interpretation 21 <i>Levies</i>  | 1 January 2014        |

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

**5.2 New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2015**

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.

| <b>Title</b>  | <b>Effective Date</b> |
|---|-----------------------|
| Amendments to FRS 119 <i>Defined Benefit Plans: Employee Contributions</i>  | 1 July 2014           |
| Amendments to FRSs <i>Annual Improvements 2010-2012 Cycle</i>   | 1 July 2014           |
| Amendments to FRSs <i>Annual Improvements 2011-2013 Cycle</i>   | 1 July 2014           |
| FRS 14 <i>Regulatory Deferral Accounts</i>  | 1 January 2016        |
| Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | 1 January 2016        |
| Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>                                      | 1 January 2016        |
| Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>                 | 1 January 2016        |
| Amendments to FRS 127 <i>Equity Method in Separate Financial Statements</i>   | 1 January 2016        |
| Amendments to FRSs <i>Annual Improvements to 2012-2014 Cycle</i>  | 1 January 2016        |
| Amendments to FRS 101 <i>Disclosure Initiative</i>  | 1 January 2016        |
| Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the consolidation Exception</i>                     | 1 January 2016        |
| FRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>  | 1 January 2018        |

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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (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

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

##### Title

MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*  
 Amendments to MFRS 1 *Government Loans*  
 MFRS 2 *Share-based Payment*  
 MFRS 3 *Business Combinations*  
 MFRS 4 *Insurance Contracts*  
 MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*  
 MFRS 6 *Exploration for and Evaluation of Mineral Resources*  
 MFRS 7 *Financial Instruments: Disclosures*  
 Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*  
 MFRS 8 *Operating Segments*  
 MFRS 9 *Financial Instruments*  
 MFRS 10 *Consolidated Financial Statements*  
 Amendments to MFRS 10, MFRS 11 and MFRS 12 *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance*  
 Amendments to MFRS 10, MFRS 12 and MFRS 127 *Investments Entities*  
 Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*  
 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 *Presentation of Items of Other Comprehensive Income*  
 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 *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 *Defined Benefit Plans: Employee Contributions*  
 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*



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (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

MFRS 132 *Financial Instruments: Presentation*  
 Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities*  
 MFRS 133 *Earnings Per Share*  
 MFRS 134 *Interim Financial Reporting*  
 MFRS 136 *Impairment of Assets*  
 Amendments to MFRS 136 *Recoverable Amount Disclosures for Non-Financial Assets*  
 MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*  
 MFRS 138 *Intangible Assets*  
 Amendments to MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*  
 MFRS 139 *Financial Instruments: Recognition and Measurement*  
 Amendments to MFRS 139 *Novation of Derivatives and Continuation of Hedge Accounting*  
 MFRS 140 *Investment Property*  
 MFRS 141 *Agriculture*  
 Amendments to MFRSs *Annual Improvements 2009 - 2011 Cycle*  
 Annual Improvements to MFRSs 2010 - 2012 Cycle  
 Annual Improvements to MFRSs 2011 - 2013 Cycle  
 Annual Improvements to MFRSs 2012 - 2014 Cycle  
 Improvements to MFRSs (2008)  
 Improvements to MFRSs (2009)  
 Improvements to MFRSs (2010)  
 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*  
 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 112 *Consolidation - Special Purpose Entities*  
 IC Interpretation 113 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*  
 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 131 *Revenue - Barter Transactions Involving Advertising Services*  
 IC Interpretation 132 *Intangible Assets - Web Site Costs*

The Group is in the process of assessing the impact of implementing these Standards, Amendments and Interpretations, since the effects would only be observable for the financial year ending 31 December 2017.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

### 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

#### 6.1 Changes in estimates

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

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

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

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

##### (a) Classification of leasehold land

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

##### (b) Classification of non-current bank borrowings

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

##### (c) Contingent liabilities

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

##### (d) Contingent liabilities on corporate guarantees

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

##### (e) Classification of joint arrangement

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)****6.2 Critical judgements made in applying accounting policies (Cont'd)****(f) 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. (*formerly known as Associated Concrete Products (Sabah) Sdn. Bhd.*) for which the Group has determined that it has significant influence.

**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 accounting 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 on receivables**

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)****6.3 Key sources of estimation uncertainty (Cont'd)****(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.

**(f) Construction**

The Group recognises construction 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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)****6.3 Key sources of estimation uncertainty (Cont'd)****(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 40 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.

**(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 18 to the financial statements; and
- (ii) Financial instruments, Note 39 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 7. PROPERTY, PLANT AND EQUIPMENT

| Group                                   | Balance<br>as at<br>1.1.2014<br>RM | Additions<br>RM | Disposals<br>RM | Written<br>off<br>RM | Depreciation<br>charge for<br>the financial<br>year<br>RM | Balance<br>as at<br>31.12.2014<br>RM |
|---|------------------------------------|-----------------|-----------------|----------------------|---|--------------------------------------|
| <b>Carrying amount</b>                  |                                    |                 |                 |                      |   |                                      |
| 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<br>equipment        | 941,556                            | 1,516,160       | (11,628)        | (12,497)             | (395,223)   | 2,038,368                            |
| Operation and<br>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<br>RM    | Accumulated<br>depreciation<br>RM | Carrying<br>amount<br>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               |

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



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

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

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

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

|  | <b>Group</b>      |                  |
|--|-------------------|------------------|
|  | <b>2014</b>       | <b>2013</b>      |
|  | <b>RM</b>         | <b>RM</b>        |
| Purchase of property, plant and equipment                  | 42,444,259        | 9,970,113        |
| Financed by hire-purchase arrangements                     | (15,056,982)      | (4,378,800)      |
| Cash payments on purchase of property, plant and equipment | <b>27,387,277</b> | <b>5,591,313</b> |

- (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:

|                                      | <b>Group</b>      |                  |
|--------------------------------------|-------------------|------------------|
|                                      | <b>2014</b>       | <b>2013</b>      |
|                                      | <b>RM</b>         | <b>RM</b>        |
| Motor vehicles                       | 4,568,013         | 5,151,425        |
| Operation and construction equipment | 12,425,395        | 192,779          |
| Plant, machinery and cabins          | 6,962,026         | 1,204,750        |
|                                      | <b>23,955,434</b> | <b>6,548,954</b> |

- (c) As at the end of the reporting period, leasehold land and building with a carrying amount of RM3,411,587 (2013: RM2,172,564) were charged to a financial institution for term loan and bank overdraft facilities granted to the Group as disclosed in Note 22 to the financial statements.
- (d) During the financial year, the Company acquired leasehold land and building of RM3,200,000 from related parties.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 8. LAND HELD FOR PROPERTY DEVELOPMENT

| Group                  | Balance<br>as at<br>1.1.2014<br>RM                              | Additions<br>RM                         | Balance<br>as at<br>31.12.2014<br>RM |
|------------------------|---|---|--------------------------------------|
| <b>2014</b>            |   |   |                                      |
| <b>Carrying amount</b> |   |   |                                      |
| 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                           |
|                        | <div> <div>←</div> <div>At 31.12.2014</div> <div>→</div> </div> |   |                                      |
|                        | Cost<br>RM  | Accumulated<br>impairment<br>loss<br>RM | Carrying<br>amount<br>RM             |
| Leasehold land         | 84,919,493  | -                                       | 84,919,493                           |
| Development costs      | 2,659,868   | -                                       | 2,659,868                            |
|                        | 87,579,361  | -                                       | 87,579,361                           |
| <b>2013</b>            |   |   |                                      |
| <b>Carrying amount</b> |   |   |                                      |
| Leasehold land         | -   | 47,296,781                              | 47,296,781                           |
| Development costs      | -   | 366,231                                 | 366,231                              |
|                        | -   | 47,663,012                              | 47,663,012                           |
|                        | <div> <div>←</div> <div>At 31.12.2013</div> <div>→</div> </div> |   |                                      |
|                        | Cost<br>RM  | Accumulated<br>impairment<br>loss<br>RM | Carrying<br>amount<br>RM             |
| Leasehold land         | 47,296,781  | -                                       | 47,296,781                           |
| Development costs      | 366,231   | -                                       | 366,231                              |
|                        | 47,663,012  | -                                       | 47,663,012                           |

As at the end of the reporting period, leasehold land held for property development with a carrying amount of RM49,274,781 (2013: RM47,296,781) was pledged to a licensed bank for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 9. INVESTMENT PROPERTY

| Group                  | Balance<br>as at<br>1.1.2013<br>RM | Disposal<br>RM | Balance<br>as at<br>31.12.2013<br>RM |
|------------------------|------------------------------------|----------------|--------------------------------------|
| <b>Carrying amount</b> |                                    |                |                                      |
| Freehold land, at cost | 32,377,589                         | (32,377,589)   | -                                    |

In the previous financial year, on 8 April 2013, Grand Meridian Development Sdn. Bhd. a wholly-owned subsidiary of AQRS The Building Company Sdn. Bhd., which in turn was a wholly-owned subsidiary of the Company, entered into a conditional Sale and Purchase Agreement with Ocean Mix Sdn. Bhd. to dispose of the above freehold land for a total cash consideration of RM50,000,000.

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

## 10. INVESTMENTS IN SUBSIDIARIES

|   | Company     |             |
|---|-------------|-------------|
|   | 2014<br>RM  | 2013<br>RM  |
| Unquoted equity shares in Malaysia, at cost | 79,040,006  | 77,040,004  |
| Less: Impairment loss                       | (2,625,369) | (2,625,369) |
| Balance at 31 December                      | 76,414,637  | 74,414,635  |

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

| Name of company                      | Interest in equity held by |                 |                      |                      | Principal activities                                 |
|--------------------------------------|----------------------------|-----------------|----------------------|----------------------|--|
|                                      | Company<br>2014            | Company<br>2013 | Subsidiaries<br>2014 | Subsidiaries<br>2013 |  |
| 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  |

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 10. INVESTMENTS IN SUBSIDIARIES (Cont'd)

| Name of company  | Interest in equity held by |         |              |              | Principal activities             |
|--|----------------------------|---------|--------------|--------------|----------------------------------|
|  | Company                    | Company | Subsidiaries | Subsidiaries |                                  |
|  | 2014                       | 2013    | 2014         | 2013         |                                  |
| Gabungan AQRS Properties Sdn. Bhd.                         | 100%                       | 100%    | -            | -            | Property investment              |
| Gabungan AQRS Management Sdn. Bhd.                         | 100%                       | -       | -            | -            | Provision of management services |
| Gabungan AQRS Capital Sdn. Bhd.                            | 100%                       | -       | -            | -            | Dormant                          |
| <b>Subsidiaries of AQRS The Building Company Sdn. Bhd.</b> |                            |         |              |              |                                  |
| Nusvista Development Sdn. Bhd.                             | -                          | -       | 100%         | 100%         | Property development             |
| Grand Meridian Development Sdn. Bhd.                       | -                          | -       | 100%         | 100%         | Property investment              |
| Bright Reach Sdn. Bhd.                                     | -                          | -       | 100%         | 100%         | Investment holding               |
| <b>Subsidiary of Prestige Field Development Sdn. Bhd.</b>  |                            |         |              |              |                                  |
| Estet Etos Sdn. Bhd.                                       | -                          | -       | 100%         | -            | Dormant                          |
| <b>Subsidiary of Bright Reach Sdn. Bhd.</b>                |                            |         |              |              |                                  |
| Crystal Aspect Sdn. Bhd.                                   | -                          | -       | 100%         | 100%         | Property development             |

All subsidiaries are audited by BDO.

- (a) 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 is disclosed in Note 35(a) to the financial statements.
- (b) 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 is disclosed in Note 35(b) to the financial statements.
- (c) 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. The effect of the acquisition is disclosed in Note 35(c) to the financial statements.
- (d) In the previous financial year, on 5 March 2013, the Company acquired the entire issued and paid up share capital of Sinajasa Sdn. Bhd. ('Sinajasa'), a company incorporated in Malaysia, for a cash consideration of RM2. The effect of the acquisition was disclosed in Note 35(d) to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**10. INVESTMENTS IN SUBSIDIARIES (Cont'd)**

- (e) In the previous financial year, on 15 July 2013, the Company announced that, Bright Reach Sdn. Bhd. ('BRSB'), a wholly-owned subsidiary of AQRS The Building Company Sdn. Bhd. ('AQRS'), which in turn was a wholly-owned subsidiary of the Company, had acquired 1,775 ordinary shares of RM1.00 each, represented 35.5% of the total issued and paid-up share capital of Crystal Aspect Sdn. Bhd. ('CASB') for a total consideration of RM872,899, which were offset against prepayments and other payables of RM871,124 and RM1,775 respectively. Accordingly, CASB became a wholly-owned subsidiary of BRSB.

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

- (f) In the previous financial year, on 16 August 2013, the Company subscribed for an additional 3,400,000 ordinary shares of RM1.00 each at par for cash in its wholly-owned subsidiary, AQRS pursuant to the allotment of shares carried out by AQRS. Upon completion of the shares allotment, AQRS remained as a wholly-owned subsidiary of the Company. The subscription for additional shares in AQRS did not have any material financial effect to the Group.

- (g) In the previous financial year, on 9 December 2013, the Company acquired the entire issued and paid up share capital of Gabungan AQRS Properties Sdn. Bhd. ('GBGAP'), a company incorporated in Malaysia, for a cash consideration of RM2. The effect of the acquisition was disclosed in Note 35(e) to the financial statements.

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

|   | <b>Prestige Field<br/>Development<br/>Sdn. Bhd.</b> | <b>Estet Etos<br/>Sdn. Bhd.</b> | <b>Total</b> |
|---|---|---------------------------------|--------------|
| <b>2014</b>   |   |                                 |              |
| 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   |

|   | <b>Prestige Field<br/>Development<br/>Sdn. Bhd.</b> | <b>Crystal<br/>Aspect<br/>Sdn. Bhd.</b> | <b>Total</b> |
|---|---|---|--------------|
| <b>2013</b>   |   |   |              |
| NCI percentage of ownership interest and voting interests | 48%   | -                                       |              |
| Carrying amount of NCI (RM)                               | 10,919,191  | -                                       | 10,919,191   |
| Profit/(Loss) allocated to NCI (RM)                       | 8,696,631   | (179,895)                               | 8,516,736    |

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 10. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

|  | <b>Prestige Field<br/>Development<br/>Sdn. Bhd.<br/>RM</b> | <b>Estet Etos<br/>Sdn. Bhd.<br/>RM</b> |
|--|--|--|
| <b>2014</b>  |  |  |
| <b>Assets and liabilities</b>                        |  |  |
| 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)                                |
| <b>Results</b>                                       |  |  |
| 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.

|                               | <b>Prestige Field<br/>Development<br/>Sdn. Bhd.<br/>RM</b> | <b>Crystal<br/>Aspect<br/>Sdn. Bhd.<br/>RM</b> |
|-------------------------------|--|--|
| <b>2013</b>                   |  |  |
| <b>Assets and liabilities</b> |  |  |
| Non-current assets            | 47,935,175   | 34,302   |
| Current assets                | 77,644,612   | 18,859,098                                     |
| Non-current liabilities       | (140,105)  | -  |
| Current liabilities           | (100,748,045)  | (16,196,752)                                   |
| Net assets                    | 24,691,637   | 2,696,648                                      |



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 10. INVESTMENTS IN SUBSIDIARIES (Cont'd)

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

| 2013   | Prestige Field<br>Development<br>Sdn. Bhd.<br>RM | Crystal<br>Aspect<br>Sdn. Bhd.<br>RM |
|--|--|--------------------------------------|
| <b>Results</b>                                       |  |                                      |
| Revenue  | 57,809,360                                       | 7,079,095                            |
| Profit for the financial year                        | 20,061,301                                       | 2,407,535                            |
| Total comprehensive income                           | 20,061,301                                       | 2,407,535                            |
| Cash flows used in operating activities              | (1,798,682)                                      | (785,089)                            |
| Cash flows (used in)/from investing activities       | (35,191,241)                                     | 384,356                              |
| Cash flows from financing activities                 | 33,457,569                                       | 495,000                              |
| Net (decrease)/increase in cash and cash equivalents | (3,532,354)                                      | 94,267                               |

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

- (i) Restriction imposed by bank covenants

The covenants of borrowings taken by Gabungan Strategik Sdn. Bhd., a wholly-owned subsidiary of the Company, restricts the ability of the subsidiary to declare dividends to its shareholder in excess of 30% of its profit before tax 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.

- (ii) Restriction imposed by shareholders' agreements

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

## 11. INVESTMENT IN AN ASSOCIATE

|  | 2014<br>RM | Group<br>2013<br>RM |
|--|------------|---------------------|
| Unquoted equity shares, at cost                | 3,322,200  | -                   |
| Share of post-acquisition reserves, net of tax | 180,286    | -                   |
|  | 3,502,486  | -                   |

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 11. INVESTMENT IN AN ASSOCIATE (Cont'd)

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

| Name of company  | Country of incorporation | Effective interest in equity |        | Principal activity  |
|--|--------------------------|------------------------------|--------|---|
|  |                          | 2014 %                       | 2013 % |   |
| <b>Associate of Sinajasa Sdn. Bhd.</b>   |                          |                              |        |   |
| SEDCO Precast Sdn. Bhd.<br><i>(formerly known as Associated Concrete Products (Sabah) Sdn. Bhd.)</i> | Malaysia                 | 49%                          | -      | Manufacturing and supplying of pre-cast concrete products |

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

(b) In the previous financial year, on 6 March 2013, the Company announced that its wholly-owned subsidiary, Sinajasa Sdn. Bhd. entered into a Share Sale Agreement with Sabah Economic Development Corporation to acquire 49% of the equity interest in SEDCO Precast Sdn. Bhd. (formerly known as Associated Concrete Products (Sabah) Sdn. Bhd.), a company incorporated in Malaysia, for a total cash consideration of RM3,322,200. The acquisition was completed during the financial year.

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

| 2014                                      | SEDCO Precast<br>Sdn. Bhd.<br>RM |
|---|----------------------------------|
| <b>Assets and liabilities</b>             |                                  |
| 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                        |
| <b>Results</b>                            |                                  |
| 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)                         |

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**11. INVESTMENT IN AN ASSOCIATE (Cont'd)**

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

|  | <b>SEDCO Precast<br/>Sdn. Bhd.<br/>RM</b> |
|--|---|
| <b>As at 31 December 2014</b>  |   |
| 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                                 |
| <b>Share of results of the Group for the financial year ended 31 December 2014</b> |   |
| Share of profit/other comprehensive income of the Group, net of tax                | 180,286                                   |

The result of SEDCO Precast Sdn. Bhd. has been accounted for based on the management accounts for the financial year ended 31 December 2014.

**12. INVESTMENT IN A JOINT VENTURE**

|                                  | <b>Group</b>       |                    | <b>Company</b>     |                    |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                  | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> |
| Unquoted equity shares, at cost  | 255,000            | 3,000              | 255,000            | 3,000              |
| Share of post-acquisition losses | (4,245)            | -                  | -                  | -                  |
|                                  | 250,755            | 3,000              | 255,000            | 3,000              |

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

| <b>Name of company</b>                        | <b>Country of<br/>incorporation</b> | <b>Effective interest<br/>in equity</b> |                   | <b>Principal activity</b> |
|---|-------------------------------------|---|-------------------|---------------------------|
|   |                                     | <b>2014<br/>%</b>                       | <b>2013<br/>%</b> |                           |
| Kreatif Sinar Gabungan<br>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.
- (c) In the previous financial year, on 4 September 2013, the Company subscribed for 3,000 ordinary shares of RM1.00 each at a par value in the share capital of KSGSB, a special purpose vehicle incorporated for the sole purpose of a proposed joint venture ('Proposed JV') to undertake the construction of the proposed Kompleks Pentadbiran Baru Kerajaan Negeri Pahang Darul Makmur di KotaSAS, Kuantan, Pahang Darul Makmur.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

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

(d) 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 is 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. OTHER INVESTMENTS**

|  | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|--|--------------------|------------------------------|
| Available-for-sale financial assets<br>- Quoted shares in Malaysia | -                  | 2,115                        |
| Market value of quoted shares                                      | -                  | 2,115                        |

(a) Information on the fair value hierarchy was disclosed in Note 39(d) to the financial statements.

(b) Information on financial risks of other investments was disclosed in Note 40 to the financial statements.

**14. DEFERRED TAX**

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

|  | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|--|--------------------|------------------------------|
| Balance as at 1 January 2014/2013      | 3,146,890          | 334,577                      |
| Recognised in profit or loss (Note 32) | 379,853            | 2,812,313                    |
| Balance as at 31 December 2014/2013    | 3,526,743          | 3,146,890                    |

Presented after appropriate offsetting:

|                               | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|-------------------------------|--------------------|------------------------------|
| Deferred tax assets, net      | 7,097,297          | 5,648,945                    |
| Deferred tax liabilities, net | (3,570,554)        | (2,502,055)                  |
|                               | 3,526,743          | 3,146,890                    |

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 14. 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:

Deferred tax liabilities of the Group

|  | Land held for<br>property<br>development<br>RM | Property,<br>plant and<br>equipment<br>RM | Total<br>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)   |
| As at 31 December 2014                   |  |   | 3,570,554   |
| At 1 January 2013                        | 1,977,658                                      | 415,393                                   | 2,393,051   |
| Recognised in profit or loss             | (183,402)                                      | 523,037                                   | 339,635     |
| At 31 December 2013, prior to offsetting | 1,794,256                                      | 938,430                                   | 2,732,686   |
| Set-off of tax                           |  |   | (230,631)   |
| At 31 December 2013                      |  |   | 2,502,055   |

Deferred tax assets of the Group

|  | Property<br>development<br>costs<br>RM | Unused tax<br>losses and<br>unabsorbed<br>capital<br>allowances<br>RM | Provisions<br>RM | Total<br>RM |
|--|--|---|------------------|-------------|
| 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   |
| At 1 January 2013                        | 1,847,360                              | 358,897   | 521,371          | 2,727,628   |
| Recognised in profit or loss             | 1,013,518                              | 1,035,337   | 1,103,093        | 3,151,948   |
| At 31 December 2013, prior to offsetting | 2,860,878                              | 1,394,234   | 1,624,464        | 5,879,576   |
| Set-off of tax                           |  |   |                  | (230,631)   |
| At 31 December 2013                      |  |   |                  | 5,648,945   |

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**14. 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:

|   | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|---|--------------------|------------------------------|
| Unused tax losses, gross                      | 10,733,678         | 4,090,653                    |
| Unabsorbed capital allowances, gross          | 206,409            | -                            |
| Other deductible temporary differences, gross | 1,014,517          | -                            |
|   | <b>11,954,604</b>  | <b>4,090,653</b>             |

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.

**15. PROPERTY DEVELOPMENT COSTS**

|   | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|---|--------------------|------------------------------|
| Balance as at 1 January 2014/2013             |                    |                              |
| - Freehold land                               | 46,505,332         | 31,505,332                   |
| - Leasehold land                              | 95,177,766         | 76,611,497                   |
| - Development costs                           | 137,163,604        | 73,143,115                   |
| - Accumulated costs charged to profit or loss | (74,445,920)       | (24,800,001)                 |
| - Transfers of completed projects             | (1,814,115)        | -                            |
|   | <b>202,586,667</b> | <b>156,459,943</b>           |
| Add: Costs incurred during the year           |                    |                              |
| - Freehold land                               | 10,000,000         | 15,000,000                   |
| - Leasehold land                              | -                  | 18,566,269                   |
| - Development costs                           | 111,032,405        | 64,020,489                   |
|   | <b>121,032,405</b> | <b>97,586,758</b>            |
| Less: Costs recognised in profit and loss     | (105,436,662)      | (49,645,919)                 |
| Less: Transfers of completed projects         | (32,595,985)       | (1,814,115)                  |
| Balance as at 31 December 2014/2013           | <b>185,586,425</b> | <b>202,586,667</b>           |

- (a) As at the end of the reporting period, included in the property development costs of the Group are freehold land and leasehold land with carrying amounts of RM40,000,000 (2013: RM30,000,000) and RM45,759,186 (2013: RM51,912,884) respectively, which were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 22(b) to the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**15. PROPERTY DEVELOPMENT COSTS (Cont'd)**

- (b) As at the end of the reporting period, included in the leasehold land under development of the Group is a parcel of leasehold land with a carrying amount of RM35,321,156 (2013: RM35,321,156) provided by Intelbest Corporation Sdn. Bhd. ('Intelbest'), pursuant to an agreement entered into by a subsidiary, Prestige Field Development Sdn. Bhd. ('Prestige') with Intelbest, Darar Ehsan Sdn. Bhd. ('DESB') and SAP Holdings Berhad ('SAPHB') on 31 March 2011. In accordance with the agreement, Prestige Field was granted the sole and exclusive rights to develop the leasehold land.

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

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

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

In view of and consequent upon the aforesaid alienation and SPA, Prestige had on 10 May 2013 entered into a supplemental agreement with Intelbest and DESB based on mutual agreement to revoke the original agreement. Intelbest hereby agreed that the original land cost payable by Prestige shall be reduced to RM27,321,921. An amount of RM25,343,921 was paid in the previous financial year and the remaining balance of RM1,978,000 was paid during the financial year.

A parcel of the said land measuring approximately 15.59 acres of RM47,296,781 was classified as land held for property development as at the end of the previous reporting period (Note 8).

- (c) Freehold land under development of RM40,000,000 (2013: RM30,000,000) is provided by Pro Meridian Sdn. Bhd. ('Pro Meridian'), pursuant to an agreement entered into by AQRS with Pro Meridian on 30 September 2011. In accordance with the agreement, AQRS was granted vacant possession to develop the freehold land.
- (d) Additions to aggregate costs incurred during the financial year include interest expense of RM2,297,254 (2013: RM374,408). Interest is capitalised at rate of 6.97% (2013: 6.85%) per annum.

**16. INVENTORIES**

|                      | <b>Group</b>       |                    |
|----------------------|--------------------|--------------------|
|                      | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> |
| <b>At cost</b>       |                    |                    |
| Completed properties | 34,410,100         | 1,814,115          |

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 17. TRADE AND OTHER RECEIVABLES

|                                     |      | Group       |             | Company     |            |
|-------------------------------------|------|-------------|-------------|-------------|------------|
|                                     | Note | 2014<br>RM  | 2013<br>RM  | 2014<br>RM  | 2013<br>RM |
| <b>Trade receivables</b>            |      |             |             |             |            |
| Third parties                       |      | 223,221,311 | 123,116,757 | -           | -          |
| Related parties                     |      | 8,335,633   | 2,389,218   | -           | -          |
| Retention sums                      |      | 53,180,315  | 33,918,809  | -           | -          |
| Amounts due from contract customers |      |             |             |             |            |
| - Third parties                     | 25   | 27,191,501  | 71,330,748  | -           | -          |
|                                     |      | 311,928,760 | 230,755,532 | -           | -          |
| Less: Impairment loss               |      |             |             |             |            |
| - Third parties                     |      | -           | (153,931)   | -           | -          |
|                                     |      | 311,928,760 | 230,601,601 | -           | -          |
| <b>Other receivables</b>            |      |             |             |             |            |
| Other receivables                   |      | 15,015,997  | 37,614,529  | -           | -          |
| Accrued billings                    |      | 76,849,109  | 37,313,620  | -           | -          |
| Amounts owing from subsidiaries     |      | -           | -           | 119,098,964 | 53,760,152 |
| Deposits                            |      | 6,158,202   | 15,240,918  | 121,300     | 754,400    |
|                                     |      | 98,023,308  | 90,169,067  | 119,220,264 | 54,514,552 |
| Less: Impairment loss               |      |             |             |             |            |
| - Other receivables                 |      | -           | (1,179,838) | -           | -          |
|                                     |      | 98,023,308  | 88,989,229  | 119,220,264 | 54,514,552 |
| <b>Loans and receivables</b>        |      |             |             |             |            |
| Prepayments                         |      | 409,952,068 | 319,590,830 | 119,220,264 | 54,514,552 |
|                                     |      | 2,551,785   | 1,674,655   | 41,874      | 758,221    |
|                                     |      | 412,503,853 | 321,265,485 | 119,262,138 | 55,272,773 |

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2013: 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.

In the previous financial year, included in the trade receivables of the Group were amounts owing from a former Director of the Company as well as his close family member amounted to RM704,430.

- (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 RM8,035,241 (2013: RM1,700,825) and RM300,392 (2013: RM688,393) respectively.
- (c) The retention sums are unsecured, interest-free and are expected to be collected as follows:

|                      | Group      |            |
|----------------------|------------|------------|
|                      | 2014<br>RM | 2013<br>RM |
| Within one (1) year  | 17,065,187 | 12,926,378 |
| Within two (2) years | 36,115,128 | 20,992,431 |
|                      | 53,180,315 | 33,918,809 |

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**17. TRADE AND OTHER RECEIVABLES (Cont'd)**

- (d) In the previous financial year, included in the other receivables of the Group was an amount owing from Ocean Mix Sdn. Bhd. amounted to RM20,995,500, which represented proceed receivable from the disposal of investment property as disclosed in Note 9 to the financial statements. The amount was fully received during the financial year.
- (e) 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.
- (f) In the previous financial year, included in deposits of the Group was an amount of RM12,482,801 paid as deposit for the acquisition of a parcel of land.
- (g) All receivables (excluding prepayments) are denominated in Ringgit Malaysia.
- (h) The ageing analysis of trade receivables of the Group are as follows:

|                               | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|-------------------------------|--------------------|------------------------------|
| Neither past due nor impaired | 165,473,714        | 165,402,157                  |
| Past due, not impaired        |                    |                              |
| 1 - 30 days                   | 46,012,066         | 5,491,097                    |
| 31 - 120 days                 | 48,611,544         | 16,506,800                   |
| More than 120 days            | 51,831,436         | 43,201,547                   |
|                               | 146,455,046        | 65,199,444                   |
| Past due and impaired         | -                  | 153,931                      |
|                               | 311,928,760        | 230,755,532                  |

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 32% (2013: 26%) of the trade receivables of the Group arise from customers with more than two years of experience with the Group and have never defaulted.

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

Receivables that are past due but not impaired

Trade receivables of the Group that are past due but not impaired are unsecured in nature. They are creditworthy debtors. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. As at the date of authorisation of financial statements by the Board of Directors on 23 April 2015, 30% (24 April 2014: 41%) of the receivables that are past due but not impaired were received.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 17. TRADE AND OTHER RECEIVABLES (Cont'd)

(h) The ageing analysis of trade receivables of the Group are as follows (Cont'd):

Receivables that are past due and impaired

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

|                          | <b>Group</b>                 |             |
|--------------------------|------------------------------|-------------|
|                          | <b>Individually impaired</b> |             |
|                          | <b>2014</b>                  | <b>2013</b> |
|                          | <b>RM</b>                    | <b>RM</b>   |
| Trade receivables, gross | -                            | 153,931     |
| Less: Impairment loss    | -                            | (153,931)   |
|                          | -                            | -           |

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

|   | <b>Group</b> |             |
|---|--------------|-------------|
|   | <b>2014</b>  | <b>2013</b> |
|   | <b>RM</b>    | <b>RM</b>   |
| <b>Trade receivables</b>                |              |             |
| At 1 January                            | 153,931      | 39,996      |
| Charge for the financial year (Note 31) | -            | 113,935     |
| Written off                             | (153,931)    | -           |
| At 31 December                          | -            | 153,931     |
| <b>Other receivables</b>                |              |             |
| At 1 January                            | 1,179,838    | 973,616     |
| Charge for the financial year (Note 31) | -            | 206,222     |
| Written off                             | (1,179,838)  | -           |
| At 31 December                          | -            | 1,179,838   |
|   | -            | 1,333,769   |

Trade receivables that were individually determined to be impaired at the end of the previous 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.

(j) Information on financial risks of trade and other receivables is disclosed in Note 40 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**18. SHORT TERM FUNDS**

|   | <b>Group</b> |             |
|---|--------------|-------------|
|   | <b>2014</b>  | <b>2013</b> |
|   | <b>RM</b>    | <b>RM</b>   |
| Financial assets at fair value through profit or loss |              |             |
| Fixed income trust funds in Malaysia                  | 1,501,487    | 20,952,966  |

- (a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- (b) Included in the short term funds of the Group and of the Company are amounts of RM1,501,487 (2013: RM19,972,573) 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 40 to the financial statements.

**19. CASH AND BANK BALANCES**

|                                    | <b>Group</b> |             | <b>Company</b> |             |
|------------------------------------|--------------|-------------|----------------|-------------|
|                                    | <b>2014</b>  | <b>2013</b> | <b>2014</b>    | <b>2013</b> |
|                                    | <b>RM</b>    | <b>RM</b>   | <b>RM</b>      | <b>RM</b>   |
| Cash and bank balances             | 11,553,846   | 7,607,740   | 5,577,387      | 1,494,247   |
| Fixed deposits with licensed banks | 35,293,196   | 34,826,988  | -              | -           |
|                                    | 46,847,042   | 42,434,728  | 5,577,387      | 1,494,247   |

- (a) Included in fixed deposits with licensed banks of the Group are amounts of RM35,293,196 (2013: RM34,668,347) pledged as securities for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.
- (b) Fixed deposits with licensed banks have maturity period ranging from one (1) month to one (1) year (2013: one (1) month to one (1) year).
- (c) Included in cash and bank balances of the Group is a balance of RM3,825,952 (2013: RM1,909,408) held under Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2002, which is not available for general use by the Group.
- (d) All cash and bank balances are denominated in Ringgit Malaysia.
- (e) Information on financial risks of cash and bank balances is disclosed in Note 40 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 19. 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:

|   | Note  | Group        |              | Company    |            |
|---|-------|--------------|--------------|------------|------------|
|   |       | 2014<br>RM   | 2013<br>RM   | 2014<br>RM | 2013<br>RM |
| Cash and bank balances                    |       | 11,553,846   | 7,607,740    | 5,577,387  | 1,494,247  |
| Fixed deposits with<br>licensed banks     |       | 35,293,196   | 34,826,988   | -          | -          |
| Short term funds                          | 18(b) | 1,501,487    | 19,972,573   | 1,501,487  | 19,972,573 |
|   |       | 48,348,529   | 62,407,301   | 7,078,874  | 21,466,820 |
| Less:                                     |       |              |              |            |            |
| Bank overdrafts included<br>in borrowings | 22    | (98,715,530) | (58,248,984) | -          | -          |
| Fixed deposits pledged                    | 19(a) | (35,293,196) | (34,668,347) | -          | -          |
|   |       | (85,660,197) | (30,510,030) | 7,078,874  | 21,466,820 |

## 20. SHARE CAPITAL

|  | Group and Company           |             |                             |             |
|--|-----------------------------|-------------|-----------------------------|-------------|
|  | 2014<br>Number<br>of shares | 2014<br>RM  | 2013<br>Number<br>of shares | 2013<br>RM  |
| Ordinary shares of RM0.25 each:                    |                             |             |                             |             |
| <b>Authorised</b>                                  |                             |             |                             |             |
| Balance as at 1 January                            | 2,000,000,000               | 500,000,000 | 400,000,000                 | 100,000,000 |
| Created during the year                            | -                           | -           | 1,600,000,000               | 400,000,000 |
| Balance as at 31 December                          | 2,000,000,000               | 500,000,000 | 2,000,000,000               | 500,000,000 |
| <b>Issued and fully paid</b>                       |                             |             |                             |             |
| Balance as at 1 January                            | 355,520,000                 | 88,880,000  | 355,520,000                 | 88,880,000  |
| Issued for cash pursuant to a<br>private placement | 35,400,000                  | 8,850,000   | -                           | -           |
| Balance as at 31 December                          | 390,920,000                 | 97,730,000  | 355,520,000                 | 88,880,000  |

During the 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.

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

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 2014 (Cont'd)

**20. SHARE CAPITAL (Cont'd)****Warrants**

In the previous financial year, 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.

**21. RESERVES**

|                          |             | <b>Group</b>       |                    | <b>Company</b>     |                    |
|--------------------------|-------------|--------------------|--------------------|--------------------|--------------------|
|                          | <b>Note</b> | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> |
| <b>Non-distributable</b> |             |                    |                    |                    |                    |
| Treasury shares          | (a)         | (3,007,738)        | (344,308)          | (3,007,738)        | (344,308)          |
| Share premium            | (b)         | 85,545,356         | 56,040,571         | 85,545,356         | 56,040,571         |
| <b>Distributable</b>     |             |                    |                    |                    |                    |
| Retained earnings        |             | 152,834,889        | 106,657,904        | 22,835,034         | 7,086,811          |
|                          |             | 235,372,507        | 162,354,167        | 105,372,652        | 62,783,074         |

**(a) Treasury shares**

The shareholders of the Company, by an ordinary resolution passed at the 4<sup>th</sup> Annual General Meeting held on 26 June 2014, 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 2,163,400 (2013: 311,500) of its ordinary shares of RM0.25 each from the open market for a total consideration of RM2,663,430 (2013: RM344,308) at an average price of RM1.231 (2013: RM1.105) per ordinary share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia. None of the treasury shares held were re-sold or cancelled during the financial year.

Of the total 390,920,000 (2013: 355,520,000) issued and fully paid ordinary shares of RM0.25 each as at the end of each reporting period, 2,474,900 (2013: 311,500) ordinary shares of RM0.25 each amounting to RM3,007,738 (2013: RM344,308) are held as treasury shares by the Company. The number of outstanding ordinary shares of RM0.25 each in issue after deducting the treasury shares is 388,445,100 (2013: 355,208,500).



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 21. RESERVES (Cont'd)

## (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.

## 22. BORROWINGS

|                                |      | Group       |             |
|--------------------------------|------|-------------|-------------|
|                                | Note | 2014<br>RM  | 2013<br>RM  |
| <b>Non-current liabilities</b> |      |             |             |
| Term loans                     |      | 862,836     | 29,085,330  |
| Hire-purchase creditors        | 23   | 11,765,541  | 5,403,716   |
|                                |      | 12,628,377  | 34,489,046  |
| <b>Current liabilities</b>     |      |             |             |
| Term loans                     |      | 49,765,494  | 38,858,990  |
| Revolving credits              |      | 5,400,000   | 400,000     |
| Hire-purchase creditors        | 23   | 6,896,418   | 2,194,776   |
| Bank overdrafts                |      | 98,715,530  | 58,248,984  |
|                                |      | 160,777,442 | 99,702,750  |
|                                |      | 173,405,819 | 134,191,796 |
| <b>Total borrowings</b>        |      |             |             |
| Term loans                     |      | 50,628,330  | 67,944,320  |
| Revolving credits              |      | 5,400,000   | 400,000     |
| Hire-purchase creditors        |      | 18,661,959  | 7,598,492   |
| Bank overdrafts                |      | 98,715,530  | 58,248,984  |
|                                |      | 173,405,819 | 134,191,796 |

(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 19(a) to the financial statements.

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**22. BORROWINGS (Cont'd)**

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

- (i) Leasehold land and building under property, plant and equipment of the Group (as disclosed in Note 7(c) to the financial statements) and assignment of a subsidiary's contract proceeds;
- (ii) Leasehold land held for property development of the Group as disclosed in Note 8 to the financial statements;
- (iii) Freehold land and leasehold land under development of the Group as disclosed in Note 15(a) to the financial statements;
- (iv) Fixed deposits as disclosed in Note 19(a) to the financial statements;
- (v) Assignment of HDA Account of the property development projects at Mukim of Ulu Kelang, Selangor and Mukim Tebrau, Johor (sales proceeds inclusive of profit from sales of the projects); and
- (vi) Specific Debentures incorporating first fixed and floating charges over all the Projects' assets, both present and future.

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

(c) Revolving credits of the Group are secured by fixed deposits as disclosed in Note 19(a) to the financial statements. The revolving credits are also jointly and severally guaranteed by a Director and a shareholder of the Company.

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

|   | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|---|--------------------|------------------------------|
| Term loan I is repayable by sixty (60) monthly instalments ranging from RM444,655 to RM452,327 each commencing January 2011 | 4,378,096          | 9,440,570                    |
| Term loan II is repayable by one hundred and eighty (180) equal monthly instalments of RM9,964 each commencing March 2009   | 847,459            | 924,029                      |
| Term loan III is repayable by sixty (60) equal monthly instalments of RM11,980 each commencing September 2011               | 227,264            | 349,962                      |
| Term loan IV is repayable based on redemption structure set by a financial institution                                      | 45,175,511         | 23,638,350                   |
| Term loan V is repayable by fourteen (14) equal monthly instalments of RM2,880,000 each commencing November 2013            | -                  | 33,591,409                   |
|   | <b>50,628,330</b>  | <b>67,944,320</b>            |
| Repayable as follows:   |                    |                              |
| - within one (1) year   | 49,765,494         | 38,858,990                   |
| - later than one (1) year and not later than five (5) years   | 452,744            | 28,577,646                   |
| - later than five (5) years   | 410,092            | 507,684                      |
|   | <b>50,628,330</b>  | <b>67,944,320</b>            |

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**22. BORROWINGS (Cont'd)**

(e) All borrowings are denominated in Ringgit Malaysia.

(f) Information on financial risk of borrowings is disclosed in Note 40 to the financial statements.

**23. HIRE-PURCHASE CREDITORS**

|   | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|---|--------------------|------------------------------|
| Minimum hire-purchase payments:                             |                    |                              |
| - not later than one (1) year                               | 7,872,532          | 2,551,998                    |
| - later than one (1) year and not later than five (5) years | 11,895,344         | 5,766,812                    |
| - later than five (5) years                                 | 564,487            | 1,282                        |
| Total minimum hire-purchase payments                        | 20,332,363         | 8,320,092                    |
| Less: Future interest charges                               | (1,670,404)        | (721,600)                    |
| Present value of hire-purchase payments                     | 18,661,959         | 7,598,492                    |
| Repayable as follows:                                       |                    |                              |
| <b>Current liabilities:</b>                                 |                    |                              |
| - not later than one (1) year                               | 6,896,418          | 2,194,776                    |
| <b>Non-current liabilities:</b>                             |                    |                              |
| - later than one (1) year and not later than five (5) years | 11,579,476         | 5,402,445                    |
| - later than five (5) years                                 | 186,065            | 1,271                        |
|   | 11,765,541         | 5,403,716                    |
|   | 18,661,959         | 7,598,492                    |

Information on financial risks of hire-purchase is disclosed in Note 40 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 24. TRADE AND OTHER PAYABLES

|   |      | Group       |             | Company    |            |
|---|------|-------------|-------------|------------|------------|
|   | Note | 2014<br>RM  | 2013<br>RM  | 2014<br>RM | 2013<br>RM |
| <b>Trade payables</b>                                   |      |             |             |            |            |
| Third parties   |      | 47,221,566  | 30,330,603  | -          | -          |
| Related parties   |      | 65,000      | 13,000      | -          | -          |
| Retention sums  |      | 54,695,237  | 56,409,249  | -          | -          |
| Amounts due to contract customers                       |      |             |             |            |            |
| - Third parties   | 25   | 58,395,739  | 40,981,455  | -          | -          |
|   |      | 160,377,542 | 127,734,307 | -          | -          |
| <b>Other payables</b>                                   |      |             |             |            |            |
| Other payables  |      | 9,756,339   | 13,654,530  | 124,365    | 17,095     |
| Amounts owing to related parties                        |      | 19,327,537  | 7,043,117   | -          | -          |
| Accruals  |      | 87,025,498  | 78,077,054  | 156,562    | 798,878    |
| Deposits  |      | 35,000      | 130,474     | -          | -          |
| Progress billings                                       |      | -           | 16,446,831  | -          | -          |
| Amounts owing to corporate shareholders of a subsidiary |      | 22,145,657  | 7,826,577   | -          | -          |
| Amounts owing to Directors                              |      | 721,041     | 716,643     | -          | -          |
|   |      | 139,011,072 | 123,895,226 | 280,927    | 815,973    |
|   |      | 299,388,614 | 251,629,533 | 280,927    | 815,973    |

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 90 days (2013: 14 to 90 days). Other credit term are assessed and approved by the suppliers on a case by case basis.
- (b) In the previous financial year, included in the other payables of the Group was an amount owing to a former Director of the Company amounted to RM618,568.
- (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.
- (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) All trade and other payables are denominated in Ringgit Malaysia.
- (g) Information on financial risks of trade and other payables is disclosed in Note 40 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

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

|   | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|---|--------------------|------------------------------|
| Aggregate costs incurred to date              | 1,361,094,401      | 1,423,635,815                |
| Add: Attributable profits                     | 328,193,558        | 331,526,601                  |
|   | 1,689,287,959      | 1,755,162,416                |
| Less: Progress billings                       | (1,720,492,197)    | (1,724,813,123)              |
|   | (31,204,238)       | 30,349,293                   |
| Amounts due from contract customers (Note 17) | 27,191,501         | 71,330,748                   |
| Amounts due to contract customers (Note 24)   | (58,395,739)       | (40,981,455)                 |
|   | (31,204,238)       | 30,349,293                   |

Additions to aggregate costs incurred during the financial year included:

|                              | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|------------------------------|--------------------|------------------------------|
| Salaries, bonus and overtime | 7,953,454          | 4,164,858                    |
| EPF and Socso contributions  | 1,002,363          | 500,211                      |
| Wages                        | 708,571            | 955,104                      |
| Other benefits               | 1,001,014          | 227,116                      |
| Rental of:                   |                    |                              |
| - crane                      | 20,834,514         | 8,414,085                    |
| - excavator                  | 7,989,400          | 4,332,752                    |
| - lorries                    | 4,683,832          | 2,198,763                    |
| - plant and machinery        | 8,652,976          | 673,992                      |
| - tractors                   | 1,703,833          | 1,252,257                    |
| - site office                | 105,001            | 140,892                      |
| - site quarters              | 112,807            | 139,542                      |

**26. COMMITMENTS****(a) Operating lease commitments**

The Group as lessee

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

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

|   | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|---|--------------------|------------------------------|
| Not later than one (1) year                               | 230,005            | 385,395                      |
| Later than one (1) year and not later than five (5) years | 190,852            | 161,959                      |
|   | 420,857            | 547,354                      |

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 26. COMMITMENTS (Cont'd)

(b) Capital commitments

|   | Group      |             | Company    |            |
|---|------------|-------------|------------|------------|
|   | 2014<br>RM | 2013<br>RM  | 2014<br>RM | 2013<br>RM |
| <b>Contracted but not provided for</b>  |            |             |            |            |
| - Share of equity interest in an entity | -          | 3,322,200   | -          | -          |
| - Land held for property development    | 17,154,424 | 25,147,063  | -          | -          |
| - Freehold land held under development  | 77,000,000 | 87,000,000  | -          | -          |
| - Property, plant and equipment         | -          | 6,660,000   | -          | 6,660,000  |
|   | 94,154,424 | 122,129,263 | -          | 6,660,000  |

## 27. CONTINGENT LIABILITIES

|   | Group       |             | Company     |             |
|---|-------------|-------------|-------------|-------------|
|   | 2014<br>RM  | 2013<br>RM  | 2014<br>RM  | 2013<br>RM  |
| <b>Guarantees</b>   |             |             |             |             |
| Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries    | -           | -           | 301,693,908 | 259,320,530 |
| Corporate guarantees given to suppliers in respect of goods supplied to its wholly-owned subsidiaries | -           | -           | 69,080,000  | 39,780,000  |
| Bank guarantees given by financial institutions in respect of construction and property projects      | 135,796,255 | 140,256,414 | 5,178,532   | -           |
|   | 135,796,255 | 140,256,414 | 375,952,440 | 299,100,530 |

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.

## 28. REVENUE

|   | Group       |             | Company    |            |
|---|-------------|-------------|------------|------------|
|   | 2014<br>RM  | 2013<br>RM  | 2014<br>RM | 2013<br>RM |
| Property development revenue            | 208,940,666 | 122,641,847 | -          | -          |
| Contract revenue                        | 325,222,557 | 283,665,769 | -          | -          |
| Gross dividend income from subsidiaries | -           | -           | 25,480,000 | 14,886,436 |
|   | 534,163,223 | 406,307,616 | 25,480,000 | 14,886,436 |

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**29. COST OF SALES**

|                            | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|----------------------------|--------------------|------------------------------|
| Property development costs | 105,436,662        | 49,645,919                   |
| Contract costs             | 274,470,280        | 251,938,180                  |
|                            | <b>379,906,942</b> | <b>301,584,099</b>           |

**30. FINANCE COSTS**

|                                     | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|-------------------------------------|--------------------|------------------------------|
| Interest expense on:                |                    |                              |
| - bank overdrafts                   | 2,719,981          | 1,820,950                    |
| - hire-purchase creditors           | 722,653            | 296,192                      |
| - revolving credits                 | 171,611            | 20,001                       |
| - term loans                        | 1,432,876          | 2,099,442                    |
| - late payment for land instalments | 929,711            | -                            |
| - others                            | 26,680             | 1,000                        |
|                                     | <b>6,003,512</b>   | <b>4,237,585</b>             |

**31. PROFIT BEFORE TAX**

|   | <b>Note</b> | <b>Group<br/>2014<br/>RM</b> | <b>2013<br/>RM</b> | <b>Company<br/>2014<br/>RM</b> | <b>2013<br/>RM</b> |
|---|-------------|------------------------------|--------------------|--------------------------------|--------------------|
| Profit before tax is arrived at after charging: |             |                              |                    |                                |                    |
| Auditors' remuneration:                         |             |                              |                    |                                |                    |
| - statutory audit                               |             |                              |                    |                                |                    |
| - current year                                  |             | 207,500                      | 190,000            | 39,500                         | 38,000             |
| - non-statutory audit                           |             |                              |                    |                                |                    |
| - current year                                  |             | 45,485                       | 72,333             | 44,345                         | 70,833             |
| Bad debts written off                           |             | 3,366                        | -                  | -                              | -                  |
| Depreciation of property, plant and equipment   | 7           | 5,786,697                    | 2,704,464          | -                              | -                  |
| Directors' remuneration paid to:                |             |                              |                    |                                |                    |
| Directors of the Company                        |             |                              |                    |                                |                    |
| - Fees:   |             |                              |                    |                                |                    |
| - payable by Company                            |             | 355,000                      | 390,000            | 355,000                        | 390,000            |
| - Other emoluments:                             |             |                              |                    |                                |                    |
| - payable by Company                            |             | 389,729                      | 2,294,474          | 389,729                        | 2,294,474          |
| - payable by subsidiaries                       |             | 4,130,436                    | 3,002,964          | -                              | -                  |
| Directors of the subsidiaries                   |             |                              |                    |                                |                    |
| - Other emoluments                              |             | 562,002                      | 244,780            | -                              | -                  |



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 31. PROFIT BEFORE TAX (Cont'd)

|  |       | Group      |            | Company    |            |
|--|-------|------------|------------|------------|------------|
|  | Note  | 2014<br>RM | 2013<br>RM | 2014<br>RM | 2013<br>RM |
| Profit before tax is arrived at after charging (Cont'd): |       |            |            |            |            |
| Impairment losses on:                                    |       |            |            |            |            |
| - goodwill on consolidation                              | 35(d) | -          | 7,475      | -          | -          |
| - trade receivables                                      | 17(i) | -          | 113,935    | -          | -          |
| - other receivables                                      | 17(i) | -          | 206,222    | -          | -          |
| Interest expense on:                                     |       |            |            |            |            |
| - developer interest bearing scheme                      |       | 1,374,953  | 2,248,418  | -          | -          |
| - bank overdrafts  | 30    | 2,719,981  | 1,820,950  | -          | -          |
| - hire-purchase creditors                                | 30    | 722,653    | 296,192    | -          | -          |
| - revolving credits                                      | 30    | 171,611    | 20,001     | -          | -          |
| - term loans   | 30    | 1,432,876  | 2,099,442  | -          | -          |
| - late payment for land instalments                      | 30    | 929,711    | -          | -          | -          |
| - others   | 30    | 26,680     | 1,000      | -          | -          |
| Property, plant and equipment written off                | 7     | 127,635    | 39,923     | -          | -          |
| Realised loss on foreign exchange                        |       | 70,241     | -          | -          | -          |
| Rental of:   |       |            |            |            |            |
| - billboard  |       | 70,000     | 29,167     | -          | -          |
| - copier   |       | 1,080      | 944        | -          | -          |
| - hostel   |       | 35,700     | 16,500     | -          | -          |
| - office equipment                                       |       | 23,343     | 20,168     | -          | -          |
| - premises   |       | 523,420    | 555,966    | -          | -          |
| And crediting:   |       |            |            |            |            |
| Dividend income  |       | -          | -          | 25,480,000 | 14,886,436 |
| Net gain on disposals of:                                |       |            |            |            |            |
| - property, plant and equipment                          |       | 181,334    | 188,749    | -          | -          |
| - investment property                                    | 9     | -          | 17,622,411 | -          | -          |
| - other investments                                      |       | 7,979      | -          | -          | -          |
| Realised gain on foreign exchange                        |       | 18,875     | -          | -          | -          |
| Interest income from:                                    |       |            |            |            |            |
| - an investment property purchaser                       |       | 324,278    | -          | -          | -          |
| - fixed deposits   |       | 1,071,145  | 884,682    | -          | -          |
| - housing development accounts                           |       | 52,464     | 152,790    | -          | -          |
| - property purchasers                                    |       | 2,042      | 243,358    | -          | -          |
| - short term funds                                       |       | 328,962    | 1,001,100  | 328,962    | 1,001,100  |
| - others   |       | 24,183     | 15,866     | 1,045      | 587        |

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and the Company amounted to RM77,139 and Nil (2013: RM109,770 and RM66,270) respectively.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 32. TAXATION

|   | Group       |             | Company    |            |
|---|-------------|-------------|------------|------------|
|   | 2014<br>RM  | 2013<br>RM  | 2014<br>RM | 2013<br>RM |
| Current tax expense based on profit for the financial year    | 33,472,292  | 22,693,877  | -          | 1,017,683  |
| (Over)/Under provision in prior years                         | (137,449)   | 1,267,196   | (31,504)   | (127,338)  |
|   | 33,334,843  | 23,961,073  | (31,504)   | 890,345    |
| Deferred tax (Note 14):                                       |             |             |            |            |
| Relating to origination and reversal of temporary differences | (1,091,991) | (3,287,824) | -          | -          |
| Under provision in prior years                                | 712,138     | 475,511     | -          | -          |
|   | (379,853)   | (2,812,313) | -          | -          |
|   | 32,954,990  | 21,148,760  | (31,504)   | 890,345    |

The Malaysian income tax is calculated at the statutory tax rate of twenty-five percent (25%) (2013: twenty-five percent (25%)) of the estimated taxable profits for the fiscal year.

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

|  | Group       |             | Company     |             |
|--|-------------|-------------|-------------|-------------|
|  | 2014<br>RM  | 2013<br>RM  | 2014<br>RM  | 2013<br>RM  |
| Profit before tax                                      | 106,255,682 | 72,505,493  | 22,487,950  | 10,866,593  |
| Tax at Malaysian statutory tax rate of 25% (2013: 25%) | 26,563,921  | 18,126,373  | 5,621,988   | 2,716,648   |
| Tax effects in respect of:                             |             |             |             |             |
| Non-allowable expenses                                 | 4,010,886   | 3,448,708   | 830,253     | 913,810     |
| Non-taxable income                                     | (160,494)   | (312,702)   | (6,452,241) | (2,612,775) |
| Deferred tax assets not recognised                     | 1,965,988   | 280,178     | -           | -           |
| Lower tax rate imposed on property gain                | -           | (2,136,504) | -           | -           |
|  | 32,380,301  | 19,406,053  | -           | 1,017,683   |
| (Over)/Under provision in prior years                  |             |             |             |             |
| - current tax expense                                  | (137,449)   | 1,267,196   | (31,504)    | (127,338)   |
| - deferred tax expense                                 | 712,138     | 475,511     | -           | -           |
|  | 32,954,990  | 21,148,760  | (31,504)    | 890,345     |

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**33. 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>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|--|--------------------|------------------------------|
| Profit attributable to equity holders of the parent  | 52,948,216         | 42,839,997                   |
| Weighted average number of ordinary shares in issue (unit)                                 | 355,208,500        | 355,520,000                  |
| Effect of:   |                    |                              |
| - share repurchased  | (636,094)          | (16,307)                     |
| - issued pursuant to a private placement   | 12,802,192         | -                            |
| Adjusted weighted average number of ordinary shares applicable to basic earnings per share | 367,374,598        | 355,503,693                  |
| Basic earnings per ordinary share (sen)  | 14.41              | 12.05                        |

**(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.

|  | <b>2014<br/>RM</b> | <b>Group<br/>2013<br/>RM</b> |
|--|--------------------|------------------------------|
| Profit attributable to equity holders of the parent  | 52,948,216         | 42,839,997                   |
| Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share (unit) | 367,374,598        | 355,503,693                  |
| Effect of dilution in exercise of warrants   | 159,984,000        | -                            |
| Adjusted weighted average number of ordinary shares applicable to diluted earnings per share               | 527,358,598        | 355,503,693                  |
| Diluted earnings per ordinary share (sen)  | 10.04              | 12.05                        |

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**34. DIVIDENDS**

|   | <b>Group and Company</b>            |                              |                                     |                              |
|---|-------------------------------------|------------------------------|-------------------------------------|------------------------------|
|   | <b>2014</b>                         |                              | <b>2013</b>                         |                              |
|   | <b>Gross dividend per share sen</b> | <b>Amount of dividend RM</b> | <b>Gross dividend per share sen</b> | <b>Amount of dividend RM</b> |
| Final single tier dividends paid:-                  |                                     |                              |                                     |                              |
| In respect of financial year ended 31 December 2013 | 1.91                                | 6,771,231                    | -                                   | -                            |
| In respect of financial year ended 31 December 2012 | -                                   | -                            | 1.56                                | 5,546,112                    |

A final dividend in respect of the financial year ended 31 December 2014 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 has been proposed by the Directors after the end of the reporting period for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by shareholders, would be accounted for as an appropriation of retained earnings against the treasury shares in the financial year ending 31 December 2015.

**35. ACQUISITION OF SUBSIDIARIES****2014**

- (a) 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 is as follows:

|              | <b>RM</b> |
|--------------|-----------|
| Cash in hand | 2         |

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**35. ACQUISITION OF SUBSIDIARIES (Cont'd)****2014 (Cont'd)**

- (b) 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 is as follows:

|              | <b>RM</b> |
|--------------|-----------|
| Cash in hand | 2         |

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

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

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

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

- (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.

- (c) 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 is as follows:

|              | <b>RM</b> |
|--------------|-----------|
| Cash in hand | 2         |

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

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**35. ACQUISITION OF SUBSIDIARIES (Cont'd)****2013**

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

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

|                                   | <b>RM</b> |
|-----------------------------------|-----------|
| Other payables                    | (7,473)   |
| Goodwill arising from acquisition | 7,475     |
| <b>Total consideration</b>        | <b>2</b>  |

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

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

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

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

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

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

- (e) In the previous financial year, on 9 December 2013, the Company acquired the entire issued and paid up share capital of Gabungan AQRS Properties Sdn. Bhd. ('GBGAP'), a company incorporated in Malaysia, for a cash consideration of RM2.

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

|              | <b>RM</b> |
|--------------|-----------|
| Cash in hand | 2         |

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**35. ACQUISITION OF SUBSIDIARIES (Cont'd)****2013 (Cont'd)**

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

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

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

**36. EMPLOYEE BENEFITS**

|                             | <b>Group</b>       |                    | <b>Company</b>     |                    |
|-----------------------------|--------------------|--------------------|--------------------|--------------------|
|                             | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> |
| Wages and salaries          | 23,204,454         | 21,040,160         | 624,729            | 2,876,851          |
| EPF and Socso contributions | 3,030,530          | 2,618,447          | 77,339             | 326,122            |
| Other benefits              | 2,090,659          | 835,926            | 3,191              | 46,506             |
|                             | 28,325,643         | 24,494,533         | 705,259            | 3,249,479          |

Included in the employee benefits of the Group and the Company are Directors' remuneration amounting to RM5,082,167 (2013: RM5,542,218) and RM389,729 (2013: RM2,294,474) respectively.

**37. 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.



**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**37. RELATED PARTY DISCLOSURES (Cont'd)**

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

|   | <b>Group</b>       |                    | <b>Company</b>     |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> |
| Subsidiaries:   |                    |                    |                    |                    |
| Gross dividend income   | -                  | -                  | 25,480,000         | 14,886,436         |
| Management fee paid/payable                                     | -                  | -                  | 410,153            | -                  |
| Related parties:  |                    |                    |                    |                    |
| Rental of office premise paid/payable                           | 110,100            | 101,100            | -                  | -                  |
| Purchase of property, plant and equipment                       | 3,200,000          | -                  | -                  | -                  |
| Progress billings on construction contracts received/receivable | -                  | 525,617            | -                  | -                  |
| Progress billings on construction contracts paid/payable        | 169,000            | 104,000            | -                  | -                  |
| Sale of development properties                                  | 7,210,000          | -                  | -                  | -                  |
| Directors of the Company and their close family members:        |                    |                    |                    |                    |
| Sale of development properties                                  | -                  | 2,386,300          | -                  | -                  |
| Directors of the subsidiaries and their close family members:   |                    |                    |                    |                    |
| Purchase of land held for property development                  | 35,644,712         | -                  | -                  | -                  |
| Sale of development properties                                  | 3,500,100          | 9,355,000          | -                  | -                  |
| A former Director of the Company and his close family member:   |                    |                    |                    |                    |
| Sale of development properties                                  | -                  | 1,198,000          | -                  | -                  |

Balances with related parties at the end of the financial year are disclosed in Note 17 and Note 24 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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**37. 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:

|  | <b>Group</b>       |                    | <b>Company</b>     |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> |
| Short term employee benefits               | 4,521,500          | 4,973,338          | 306,000            | 2,057,665          |
| Contributions to defined contribution plan | 560,667            | 568,880            | 83,729             | 236,809            |
|  | <b>5,082,167</b>   | <b>5,542,218</b>   | <b>389,729</b>     | <b>2,294,474</b>   |

**38. 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 2014 (Cont'd)

## 38. OPERATING SEGMENTS (Cont'd)

| 2014   | Property<br>development<br>RM | Construction<br>RM | Other<br>operating<br>segments<br>RM | Total<br>RM          |
|--|-------------------------------|--------------------|--------------------------------------|----------------------|
| <b>Segment revenue</b>   |                               |                    |                                      |                      |
| 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)          |
| <b>Segment profit/(loss) before tax</b>  | <b>67,825,040</b>             | <b>40,122,863</b>  | <b>(2,979,243)</b>                   | <b>104,968,660</b>   |
| 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:<br>- Depreciation of property, plant<br>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<br>than financial instruments and deferred<br>tax assets | 39,996,653                    | 32,872,532         | 9,491,423                            | 82,360,608           |
| <b>Segment assets</b>  | <b>538,998,996</b>            | <b>618,781,026</b> | <b>240,248,117</b>                   | <b>1,398,028,139</b> |
| <b>Segment liabilities</b>   | <b>501,609,501</b>            | <b>438,193,938</b> | <b>35,173,128</b>                    | <b>974,976,567</b>   |

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 38. OPERATING SEGMENTS (Cont'd)

| 2013   | Property<br>development<br>RM | Construction<br>RM | Other<br>operating<br>segments<br>RM | Total<br>RM          |
|--|-------------------------------|--------------------|--------------------------------------|----------------------|
| <b>Segment revenue</b>   |                               |                    |                                      |                      |
| Total revenue  | 122,641,847                   | 369,028,254        | 14,886,436                           | 506,556,537          |
| Inter segment revenue  | -                             | (85,362,485)       | (14,886,436)                         | (100,248,921)        |
| Revenue from external customers  | 122,641,847                   | 283,665,769        | -                                    | 406,307,616          |
| Interest income  | 482,246                       | 813,863            | 1,001,687                            | 2,297,796            |
| Finance costs  | (2,093,382)                   | (2,144,203)        | -                                    | (4,237,585)          |
| Net finance (expenses)/income  | (1,611,136)                   | (1,330,340)        | 1,001,687                            | (1,939,789)          |
| <b>Segment profit/(loss) before tax</b>  | <b>32,305,482</b>             | <b>49,025,568</b>  | <b>(4,030,407)</b>                   | <b>77,300,643</b>    |
| Taxation   | (7,732,047)                   | (13,544,051)       | 127,338                              | (21,148,760)         |
| Other material non-cash item:<br>- Depreciation of property, plant<br>and equipment            | (582,813)                     | (2,121,651)        | -                                    | (2,704,464)          |
| Investment in a joint venture  | -                             | -                  | 3,000                                | 3,000                |
| Additions to non-current assets other<br>than financial instruments and deferred<br>tax assets | 48,523,188                    | 6,930,432          | 2,179,505                            | 57,633,125           |
| <b>Segment assets</b>  | <b>433,497,738</b>            | <b>472,537,852</b> | <b>154,658,555</b>                   | <b>1,060,694,145</b> |
| <b>Segment liabilities</b>   | <b>394,017,891</b>            | <b>320,302,253</b> | <b>3,013,971</b>                     | <b>717,334,115</b>   |

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 38. 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:

|  | 2014<br>RM    | Group<br>2013<br>RM |
|--|---------------|---------------------|
| <b>Revenue</b>   |               |                     |
| Total revenue for reportable segments  | 661,829,278   | 506,556,537         |
| Elimination of inter-segmental revenues  | (127,666,055) | (100,248,921)       |
| Revenue of the Group per consolidated statement of profit or loss and other comprehensive income                       | 534,163,223   | 406,307,616         |
| <b>Profit for the financial year</b>   |               |                     |
| Total profit or loss for reportable segments   | 104,968,660   | 77,300,643          |
| Elimination of inter-segment losses/(profits)  | 1,110,981     | (4,054,070)         |
| Impairment losses on goodwill  | -             | (7,475)             |
| Elimination of consolidation adjustments   | -             | (733,605)           |
| Share of profit of an associate, net of tax  | 180,286       | -                   |
| Share of loss of a joint venture, net of tax   | (4,245)       | -                   |
| Profit before tax  | 106,255,682   | 72,505,493          |
| Tax expense  | (32,954,990)  | (21,148,760)        |
| Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income | 73,300,692    | 51,356,733          |
| <b>Assets</b>  |               |                     |
| Total assets for reportable segments   | 1,398,028,139 | 1,060,694,145       |
| Elimination of investments in subsidiaries and consolidation adjustments   | (80,403,143)  | (79,412,416)        |
| Elimination of inter-segment balances  | (481,930,492) | (317,801,815)       |
| Assets of the Group per consolidated statement of financial position   | 835,694,504   | 663,479,914         |
| <b>Liabilities</b>   |               |                     |
| Total liabilities for reportable segments  | 974,976,567   | 717,334,115         |
| Elimination of consolidation adjustments   | 1,794,256     | 1,794,256           |
| Elimination of inter-segment balances  | (481,930,492) | (317,801,815)       |
| Liabilities of the Group per consolidated statement of financial position  | 494,840,331   | 401,326,556         |

## (b) Geographical information

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

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**38. OPERATING SEGMENTS (Cont'd)**

## (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:

|            | <b>2014</b><br><b>RM</b> | <b>Group</b><br><b>2013</b><br><b>RM</b> |
|------------|--------------------------|--|
| Customer A | 170,089,781              | 171,866,001                              |
| Customer B | 54,478,969               | 48,114,154                               |
|            | <hr/> 224,568,750        | <hr/> 219,980,155 <hr/>                  |

The above customers are related to the construction segment.

**39. FINANCIAL INSTRUMENTS**

## (a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from 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 2014 and 31 December 2013.

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 equity attributable to the owners of the parent.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 39. FINANCIAL INSTRUMENTS (Cont'd)

## (a) Capital management (Cont'd)

|                        | Group        |              | Company     |              |
|------------------------|--------------|--------------|-------------|--------------|
|                        | 2014<br>RM   | 2013<br>RM   | 2014<br>RM  | 2013<br>RM   |
| Borrowings             | 173,405,819  | 134,191,796  | -           | -            |
| Less:                  |              |              |             |              |
| Short term funds       | (1,501,487)  | (20,952,966) | (1,501,487) | (20,952,966) |
| Cash and bank balances | (46,847,042) | (42,434,728) | (5,577,387) | (1,494,247)  |
| Net debt/(cash)        | 125,057,290  | 70,804,102   | (7,078,874) | (22,447,213) |
| Total capital          | 333,102,507  | 251,234,167  | 203,102,652 | 151,663,074  |
| Net debt/(cash)        | 125,057,290  | 70,804,102   | (7,078,874) | (22,447,213) |
| Total                  | 458,159,797  | 322,038,269  | 196,023,778 | 129,215,861  |
| Gearing ratio          | 27%          | 22%          | *           | *            |

\* Gearing ratio is not presented as the Company has a net cash position as at the end of the 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 2014.

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

## (b) Financial instruments

## Categories of financial instruments

|  | Group       |             | Company     |            |
|--|-------------|-------------|-------------|------------|
|  | 2014<br>RM  | 2013<br>RM  | 2014<br>RM  | 2013<br>RM |
| <b>Financial assets</b>                            |             |             |             |            |
| <b>Fair value through profit or loss</b>           |             |             |             |            |
| Short term funds*                                  | 1,501,487   | 20,952,966  | 1,501,487   | 20,952,966 |
| <b>Available-for-sale</b>                          |             |             |             |            |
| Other investments                                  | -           | 2,115       | -           | -          |
| <b>Loans and receivables</b>                       |             |             |             |            |
| Trade and other receivables,<br>net of prepayments | 409,952,068 | 319,590,830 | 119,220,264 | 54,514,552 |
| Cash and bank balances                             | 46,847,042  | 42,434,728  | 5,577,387   | 1,494,247  |
|  | 456,799,110 | 362,025,558 | 124,797,651 | 56,008,799 |

\* Represent fixed income trust funds in Malaysia

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 39. FINANCIAL INSTRUMENTS (Cont'd)

## (b) Financial instruments (Cont'd)

Categories of financial instruments (Cont'd)

|   | Group       |             | Company    |            |
|---|-------------|-------------|------------|------------|
|   | 2014<br>RM  | 2013<br>RM  | 2014<br>RM | 2013<br>RM |
| <b>Financial liabilities</b>              |             |             |            |            |
| <b><i>Other financial liabilities</i></b> |             |             |            |            |
| Borrowings                                | 173,405,819 | 134,191,796 | -          | -          |
| Trade and other payables                  | 299,388,614 | 251,629,533 | 280,927    | 815,973    |
|   | 472,794,433 | 385,821,329 | 280,927    | 815,973    |

## (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) Other investments - Quoted shares in Malaysia

The fair values of quoted shares in Malaysia were determined by reference to the exchange quoted market bid prices at the close of the business at the end of previous reporting period.

- (iv) Short term funds

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

## (d) Fair value hierarchy

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

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

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



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 39. FINANCIAL INSTRUMENTS (Cont'd)

## (d) Fair value hierarchy (Cont'd)

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.

| 2014<br>Group  | Fair values of financial instruments<br>carried at fair value |               |               | Fair values of financial instruments not<br>carried at fair value |               |               | Total fair<br>values<br>RM | Carrying<br>amounts<br>RM |
|--|---|---------------|---------------|---|---------------|---------------|----------------------------|---------------------------|
|  | Level 1<br>RM   | Level 2<br>RM | Level 3<br>RM | Total<br>RM   | Level 1<br>RM | Level 2<br>RM | Level 3<br>RM              |                           |
| <b>Financial assets</b>  |   |               |               |   |               |               |                            |                           |
| <b>Financial assets at<br/>fair value through<br/>profit or loss</b> |   |               |               |   |               |               |                            |                           |
| - Short term funds   | -   | 1,501,487     | -             | 1,501,487   | -             | -             | -                          | 1,501,487                 |
| <b>Financial liabilities</b>   |   |               |               |   |               |               |                            |                           |
| <b>Other financial<br/>liabilities</b>                               |   |               |               |   |               |               |                            |                           |
| - Hire purchase<br>creditors   | -   | -             | -             | -   | -             | 18,020,119    | -                          | 18,661,959                |
| <b>Company</b>   |   |               |               |   |               |               |                            |                           |
| <b>Financial assets</b>  |   |               |               |   |               |               |                            |                           |
| <b>Financial assets at<br/>fair value through<br/>profit or loss</b> |   |               |               |   |               |               |                            |                           |
| - Short term funds   | -   | 1,501,487     | -             | 1,501,487   | -             | -             | -                          | 1,501,487                 |

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

## 39. 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).

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

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 December 2014 and 31 December 2013.

(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 2014 (Cont'd)

### 40. 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 would fluctuate because of changes in market interest rates.

The exposure of the Group 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.

Sensitivity analysis for interest rate risk

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

|                             | <b>Group</b> |             |
|-----------------------------|--------------|-------------|
|                             | <b>2014</b>  | <b>2013</b> |
| <b>Profit after tax</b>     | <b>RM</b>    | <b>RM</b>   |
| - Increase by 1% (2013: 1%) | (1,035,845)  | (745,236)   |
| - Decrease by 1% (2013: 1%) | 1,035,845    | 745,236     |

The sensitivity is higher in 2014 than in 2013 because of an increase in outstanding borrowings during the financial year. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

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

## (i) Interest rate risk (Cont'd)

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

| Group                              | Note | WAEIR<br>% | Within<br>1 year<br>RM | 1 - 2<br>years<br>RM | 2 - 3<br>years<br>RM | 3 - 4<br>years<br>RM | 4 - 5<br>years<br>RM | More than<br>5 years<br>RM | Total<br>RM |
|------------------------------------|------|------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------------|-------------|
| <b>At 31 December 2014</b>         |      |            |                        |                      |                      |                      |                      |                            |             |
| <b>Fixed rates</b>                 |      |            |                        |                      |                      |                      |                      |                            |             |
| Fixed deposits with licensed banks | 19   | 2.49       | 35,293,196             | -                    | -                    | -                    | -                    | -                          | 35,293,196  |
| Hire-purchase creditors            | 23   | 5.79       | 6,896,418              | 6,992,520            | 4,063,245            | 396,175              | 127,536              | 186,065                    | 18,661,959  |
| <b>Floating rates</b>              |      |            |                        |                      |                      |                      |                      |                            |             |
| Term loans                         | 22   | 6.82       | 49,765,494             | 180,760              | 88,943               | 85,449               | 97,592               | 410,092                    | 50,628,330  |
| Revolving credits                  | 22   | 6.22       | 5,400,000              | -                    | -                    | -                    | -                    | -                          | 5,400,000   |
| Bank overdrafts                    | 22   | 7.88       | 98,715,530             | -                    | -                    | -                    | -                    | -                          | 98,715,530  |
| <b>At 31 December 2013</b>         |      |            |                        |                      |                      |                      |                      |                            |             |
| <b>Fixed rates</b>                 |      |            |                        |                      |                      |                      |                      |                            |             |
| Fixed deposits with licensed banks | 19   | 2.47       | 34,826,988             | -                    | -                    | -                    | -                    | -                          | 34,826,988  |
| Hire-purchase creditors            | 23   | 5.15       | 2,194,776              | 2,265,981            | 2,008,239            | 855,514              | 272,711              | 1,271                      | 7,598,492   |
| <b>Floating rates</b>              |      |            |                        |                      |                      |                      |                      |                            |             |
| Term loans                         | 22   | 6.00       | 38,858,990             | 4,582,120            | 182,784              | 23,727,293           | 85,449               | 507,684                    | 67,944,320  |
| Revolving credit                   | 22   | 5.00       | 400,000                | -                    | -                    | -                    | -                    | -                          | 400,000     |
| Bank overdrafts                    | 22   | 7.82       | 58,248,984             | -                    | -                    | -                    | -                    | -                          | 58,248,984  |

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2014 (Cont'd)

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

## (ii) Liquidity and cash flow risk

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

Analysis of financial instruments by remaining contractual maturities

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

|                              | On demand<br>or within<br>1 year<br>RM | 1 - 2<br>years<br>RM | 2 - 3<br>years<br>RM | 3 - 4<br>years<br>RM | 4 - 5<br>years<br>RM | More than<br>5 years<br>RM | Total<br>RM |
|------------------------------|--|----------------------|----------------------|----------------------|----------------------|----------------------------|-------------|
| <b>31 December 2014</b>      |  |                      |                      |                      |                      |                            |             |
| <b>Group</b>                 |  |                      |                      |                      |                      |                            |             |
| <b>Financial liabilities</b> |  |                      |                      |                      |                      |                            |             |
| 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 |
| <b>Company</b>               |  |                      |                      |                      |                      |                            |             |
| <b>Financial liabilities</b> |  |                      |                      |                      |                      |                            |             |
| Trade and other payables     | 280,927                                | -                    | -                    | -                    | -                    | -                          | 280,927     |
| <b>31 December 2013</b>      |  |                      |                      |                      |                      |                            |             |
| <b>Group</b>                 |  |                      |                      |                      |                      |                            |             |
| <b>Financial liabilities</b> |  |                      |                      |                      |                      |                            |             |
| Borrowings                   | 101,452,235                            | 7,205,536            | 2,337,086            | 24,644,877           | 397,374              | 568,274                    | 136,605,382 |
| Trade and other payables     | 251,629,533                            | -                    | -                    | -                    | -                    | -                          | 251,629,533 |
| <b>Company</b>               |  |                      |                      |                      |                      |                            |             |
| <b>Financial liabilities</b> |  |                      |                      |                      |                      |                            |             |
| Trade and other payables     | 815,973                                | -                    | -                    | -                    | -                    | -                          | 815,973     |

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**40. 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 17 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:

|                            | <b>2014</b> |                   | <b>Group</b> |                            |
|----------------------------|-------------|-------------------|--------------|----------------------------|
|                            | <b>RM</b>   | <b>% of total</b> | <b>RM</b>    | <b>2013<br/>% of total</b> |
| <b>By industry sectors</b> |             |                   |              |                            |
| Property development       | 72,513,830  | 23%               | 55,717,883   | 24%                        |
| Construction               | 239,414,930 | 77%               | 174,883,718  | 76%                        |
|                            | 311,928,760 | 100%              | 230,601,601  | 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 17 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 17 to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**40. 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 risks 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.

**41. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 22 August 2014, the Company increased its issued and paid-up share capital 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.

**42. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

- (a) On 5 February 2015, the Company subscribed for 45,000 ordinary shares of RM1.00 each in Trusvest Sdn. Bhd. ('Trusvest') for a total cash consideration of RM45,000, representing 90% equity interest in Trusvest. Trusvest is a special purpose vehicle incorporated to undertake the construction and completion of the Proposed Provision of Accommodation on Base-Camp Concept Complete with Necessary Facilities for Petronas Chemicals Fertiliser Sabah Sdn. Bhd.. The acquisition did not have any material financial effect to the Group.
- (b) 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.
- (c) 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 total cash consideration of RM2. The acquisition did not have any material financial effect to the Group.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2014 (Cont'd)

**43. 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:

|   | <b>Group</b>       |                    | <b>Company</b>     |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> | <b>2014<br/>RM</b> | <b>2013<br/>RM</b> |
| Total retained earnings of the<br>Company and its subsidiaries: |                    |                    |                    |                    |
| - Realised  | 227,619,938        | 186,453,393        | 22,835,034         | 7,086,811          |
| - Unrealised  | 2,737,867          | 2,080,268          | -                  | -                  |
|   | 230,357,805        | 188,533,661        | 22,835,034         | 7,086,811          |
| Total share of retained earnings<br>from an associate:          |                    |                    |                    |                    |
| - Realised  | 180,286            | -                  | -                  | -                  |
| Total share of accumulated losses<br>from a joint venture:      |                    |                    |                    |                    |
| - Realised  | (4,245)            | -                  | -                  | -                  |
|   | 230,533,846        | 188,533,661        | 22,835,034         | 7,086,811          |
| Less: Consolidation adjustments                                 | (77,698,957)       | (81,875,757)       | -                  | -                  |
| Total retained earnings   | 152,834,889        | 106,657,904        | 22,835,034         | 7,086,811          |



LIST OF  
PROPERTIES

| Land Title Details/<br>Location   | Built-up<br>Area<br>(sq. ft.) | Land Area<br>(hectares) | Description/<br>Existing Use                              | Tenure/ Age<br>of Property  | Date of<br>Issuance of<br>Certificates<br>of Fitness for<br>Occupation | Audited<br>Net Carrying<br>Amount as at<br>31.12.2014<br>(RM) |
|---|-------------------------------|-------------------------|---|---|--|---|
| Geran 162711/M1/2/4,<br>Lot 70891 2-1A<br>Jalan Q 31/Q,<br>Kota Kemuning<br>40460 Seksyen 31<br>Shah Alam,<br>Selangor Darul Ehsan  | 1,539                         |                         | 1 unit on the 1st floor of a<br>4-storey shoptlot/ Vacant | Freehold/<br>Approximately<br>10 years  | 02.03.2000   | 138,224   |
| H.S.(D) 247091,<br>P.T No. 10900<br>G-58-G to G-58-3,<br>Block G<br>Jalan Teknologi 3/9<br>Bistari 'De' Kota<br>Kota Damansara, PJU 5<br>47810 Petaling Jaya<br>Selangor Darul Ehsan  | 10,519                        |                         | 1 unit of a 4-storey<br>shoptlot                          | Leasehold<br>(99 years<br>expiring on<br>03.09.2107)/<br>Approximately<br>7 years | 11.03.2008   | 3,411,587   |
| H.S.(D) 247092,<br>P.T No. 10901<br>G-59-G to G-59-3,<br>Block G<br>Jalan Teknologi 3/9<br>Bistari 'De' Kota<br>Kota Damansara, PJU 5<br>47810 Petaling Jaya<br>Selangor Darul Ehsan  | 6,644                         |                         | 1 unit of a 4-storey<br>shoptlot                          | Leasehold<br>(99 years<br>expiring on<br>03.09.2107)/<br>Approximately<br>7 years | 11.03.2008   | 2,856,609   |
| H.S.(D) 247071,<br>P.T No. 10880<br>D-39-G and D-39-1,<br>Block D<br>Jalan Teknologi 3/9<br>Bistari 'De' Kota<br>Kota Damansara, PJU 5<br>47810 Petaling Jaya<br>Selangor Darul Ehsan | 3,248                         |                         | 1 unit of a 2-storey<br>shoptlot                          | Leasehold<br>(99 years<br>expiring on<br>03.09.2107)/<br>Approximately<br>7 years | 11.03.2008   | 1,806,731   |

LIST OF PROPERTIES  
(Cont'd)

| Land Title Details/<br>Location   | Built-up<br>Area<br>(sq. ft.) | Land Area<br>(hectares) | Description/<br>Existing Use   | Tenure/ Age<br>of Property  | Date of<br>Issuance of<br>Certificates<br>of Fitness for<br>Occupation | Audited<br>Net Carrying<br>Amount as at<br>31.12.2014<br>(RM) |
|---|-------------------------------|-------------------------|--|---|--|---|
| H.S.(D) 247072,<br>P.T No. 10881<br>D-40-G and D-40-1,<br>Block D<br>Jalan Teknologi 3/9<br>Bistari 'De' Kota<br>Kota Damansara, PJU 5<br>47810 Petaling Jaya<br>Selangor Darul Ehsan | 3,248                         |                         | 1 unit of a 2-storey<br>shoplot  | Leasehold<br>(99 years<br>expiring on<br>03.09.2107)/<br>Approximately<br>7 years | 11.03.2008   | 1,923,391   |
| H.S.(D) 247065,<br>P.T No. 10874<br>D-33-G to D-33-2,<br>Block D<br>Jalan Teknologi 3/9<br>Bistari 'De' Kota<br>Kota Damansara, PJU 5<br>47810 Petaling Jaya<br>Selangor Darul Ehsan  | 10,945                        |                         | 1 unit of a 3-storey<br>shoplot  | Leasehold<br>(99 years<br>expiring on<br>03.09.2107)/<br>Approximately<br>7 years | 11.03.2008   | 4,311,309   |
| H.S.(D) 256293,<br>Lot No. PT 47369<br>Sungai Buloh,<br>Petaling Jaya,<br>Selangor Darul Ehsan  | 1.08                          |                         | On-going<br>development<br>land  | 99 years<br>leasehold<br>tenure<br>expiring on<br>13.05.2108                      |  | 38,582,161  |
| H.S.(D) 484873 to 484880<br>Lot No. PTD 202777 to<br>PTD 202784 (inclusive)<br>Plentong, Johor Baru,<br>Johor Darul Takzim  | 2.40                          |                         | On-going development<br>land/ On-going commercial<br>development project<br>comprising 99 signature units of<br>3 & 4 storey shop office<br>located in Iskandar Malaysia<br>known as "Permas Centro"<br>(inclusive of land for sold units) | 99 years<br>leasehold<br>tenure<br>expiring on<br>17.08.2109                      |  | 6,597,424   |

LIST OF PROPERTIES

(Cont'd)

| Land Title Details/<br>Location   | Built-up<br>Area<br>(sq. ft.) | Land Area<br>(hectares) | Description/<br>Existing Use   | Tenure/ Age<br>of Property                                   | Date of<br>Issuance of<br>Certificates<br>of Fitness for<br>Occupation | Audited<br>Net Carrying<br>Amount as at<br>31.12.2014<br>(RM) |
|---|-------------------------------|-------------------------|--|--|--|---|
| H.S.(D) 293098<br>PT 81445<br>Lestari Perdana,<br>Mukim Petaling<br>Daerah Petaling   |                               | 5.79                    | Proposed commercial<br>development in Lestari Perdana,<br>Mukim Petaling<br><br>- Land held for future development | 99 years<br>leasehold<br>tenure<br>expiring on<br>04.09.2112 |  | 51,067,230  |
| H.S.(D) 37545<br>PT 21045<br>Mukim Dengkil,<br>Daerah Sepang,<br>Selangor Darul Ehsan |                               | 7.74                    | On-going development land  | 99 years<br>leasehold<br>tenure<br>expiring on<br>05.11.2113 |  | 35,862,691  |

# STATISTICS OF SHAREHOLDINGS

as at 5 May 2015 (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                            | 8              | 130                | *                  |
| 100 to 1,000                             | 171            | 114,602            | 0.03               |
| 1,001 to 10,000                          | 493            | 2,727,876          | 0.71               |
| 10,001 to 100,000                        | 284            | 9,706,100          | 2.51               |
| 100,001 to less than 5% of issued shares | 95             | 142,568,800        | 36.84              |
| 5% and above of issued shares            | 6              | 231,922,592        | 59.92              |
| <b>Total</b>                             | <b>1,057</b>   | <b>387,040,100</b> | <b>100.00</b>      |

Note:-

\* Negligible

## SUBSTANTIAL SHAREHOLDERS

according to the Register of Substantial Shareholders as at 5 May 2015

| No. | Name                     | Direct Interest      |                    | Deemed Interest           |                      |
|-----|--------------------------|----------------------|--------------------|---------------------------|----------------------|
|     |                          | No. of Issued Shares | % of Issued Shares | No. of Issued Shares      | % of Issued Shares   |
| 1.  | Ng Chun Seong            | 64,778,900           | 16.74              | 37,342,592 <sup>(1)</sup> | 9.65 <sup>(1)</sup>  |
| 2.  | Lim Ann Kok              | 51,437,100           | 13.29              | -                         | -                    |
| 3.  | Ganjaran Gembira Sdn Bhd | 40,700,000           | 10.52              | -                         | -                    |
| 4.  | Ng Chun Kooi             | 37,342,592           | 9.65               | 64,778,900 <sup>(2)</sup> | 16.74 <sup>(2)</sup> |
| 5.  | Ow Chee Cheoon           | 32,476,000           | 8.39               | 40,700,000 <sup>(3)</sup> | 10.52 <sup>(3)</sup> |
| 6.  | Dato' Ng Kee Leen        | 22,000,000           | 5.68               | -                         | -                    |
| 7.  | Bernard Lim Soon Chiang  | 9,280,000            | 2.40               | 40,700,000 <sup>(3)</sup> | 10.52 <sup>(3)</sup> |
| 8.  | Dato' Azizan bin Jaafar  | 200,000              | 0.05               | 40,700,000 <sup>(3)</sup> | 10.52 <sup>(3)</sup> |

Notes:-

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

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

<sup>(3)</sup> 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 5 May 2015 (as per Record of Depositors)

(Cont'd)

### DIRECTORS' DIRECT AND DEEMED INTERESTS

in the Company and/or its Related Corporations as at 5 May 2015

| Name of Directors                  | Direct Interest      |                    | Deemed Interest           |                      |
|------------------------------------|----------------------|--------------------|---------------------------|----------------------|
|                                    | No. of Issued Shares | % of Issued Shares | No. of Issued Shares      | % of Issued Shares   |
| Datuk Kamarudin bin Md. Ali        | -                    | -                  | -                         | -                    |
| Ng Chun Kooi                       | 37,342,592           | 9.65               | 64,778,900 <sup>(1)</sup> | 16.74 <sup>(1)</sup> |
| Ow Chee Cheoon                     | 32,476,000           | 8.39               | 40,700,000 <sup>(2)</sup> | 10.52 <sup>(2)</sup> |
| Dato' Azizan bin Jaafar            | 200,000              | 0.05               | 40,700,000 <sup>(2)</sup> | 10.52 <sup>(2)</sup> |
| Bernard Lim Soon Chiang            | 9,280,000            | 2.40               | 40,700,000 <sup>(2)</sup> | 10.52 <sup>(2)</sup> |
| Lam Vun Chiang                     | -                    | -                  | -                         | -                    |
| Datuk Badil Zaman bin Fazul Rahman | 3,880,000            | 1.00               | -                         | -                    |
| Loo Choo Hong                      | 100,000              | 0.03               | -                         | -                    |
| Muk Sai Tat                        | -                    | -                  | -                         | -                    |

Notes:-

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

<sup>(2)</sup> 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 5 May 2015

| No. | Name   | No. of Issued Shares | % of Issued Shares |
|-----|--|----------------------|--------------------|
| 1.  | Ng Chun Seong  | 64,778,900           | 16.74              |
| 2.  | Lim Ann Kok  | 44,237,100           | 11.43              |
| 3.  | Ganjaran Gembira Sdn Bhd   | 37,700,000           | 9.74               |
| 4.  | Ng Chun Kooi   | 35,406,592           | 9.15               |
| 5.  | CIMSEC Nominees (Tempatan) Sdn Bhd<br><i>CIMB Bank for Ow Chee Cheoon (PBCL-0G0066)</i>  | 27,800,000           | 7.18               |
| 6.  | Ng Kee Leen  | 22,000,000           | 5.68               |
| 7.  | Ng Kit Heng  | 15,948,300           | 4.12               |
| 8.  | RHB Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Tan Cheng Teik</i>  | 11,907,300           | 3.08               |
| 9.  | AMSEC Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Mok Sew Wah</i>   | 10,710,200           | 2.77               |
| 10. | Lee Kuan Chen  | 8,000,000            | 2.07               |
| 11. | Kenanga Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Bernard Lim Soon Chiang</i>                           | 5,500,000            | 1.42               |
| 12. | Malaysia Nominees (Tempatan) Sendirian Berhad<br><i>Great Eastern Life Assurance (Malaysia) Berhad (DR)</i>                    | 5,500,000            | 1.42               |
| 13. | AMSEC Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account - AmBank (M) Berhad for Wong Tze Leng (SMART)</i>           | 5,321,500            | 1.37               |
| 14. | Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Yee Yong Yip (AY0029)</i>                | 5,247,800            | 1.36               |
| 15. | Lim Kuek Peng @ Lim Chee Peng  | 4,000,000            | 1.03               |
| 16. | AMSEC Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account - AmBank (M) Berhad for Bernard Lim Soon Chiang (SMART)</i> | 3,777,000            | 0.98               |
| 17. | AMSEC Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account - AmBank (M) Berhad for Cheng Ting In (SMART)</i>           | 3,690,000            | 0.95               |
| 18. | Affin Hwang Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Ow Chee Cheoon (OWC0008M)</i>                     | 3,500,000            | 0.90               |
| 19. | Badil Zaman bin Fazul Rahman   | 3,380,000            | 0.87               |

**STATISTICS OF SHAREHOLDINGS**

as at 5 May 2015 (as per Record of Depositors)

(Cont'd)

**TOP 30 SECURITIES ACCOUNT HOLDERS**

as per Record of Depositors as at 5 May 2015

| No.          | Name   | No. of<br>Issued Shares | % of<br>Issued Shares |
|--------------|--|-------------------------|-----------------------|
| 20.          | Malaysia Nominees (Tempatan) Sendirian Berhad<br><i>Great Eastern Life Assurance (Malaysia) Berhad (LBF)</i> | 3,175,700               | 0.82                  |
| 21.          | Shahrum Niza bin Yahya   | 3,020,000               | 0.78                  |
| 22.          | MayBank Nominees (Tempatan) Sdn Bhd<br><i>Lim Ann Kok</i>  | 3,000,000               | 0.78                  |
| 23.          | RHB Capital Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>    | 3,000,000               | 0.78                  |
| 24.          | Meriah binti Nasibi  | 2,765,000               | 0.71                  |
| 25.          | Zainal bin Ahmad   | 2,678,900               | 0.69                  |
| 26.          | Meriah binti Nasibi  | 2,306,600               | 0.60                  |
| 27.          | MayBank Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Lim Ann Kok</i>                     | 2,000,000               | 0.52                  |
| 28.          | Ng Chun Kooi   | 1,936,000               | 0.50                  |
| 29.          | Malaysia Nominees (Tempatan) Sendirian Berhad<br><i>Great Eastern Life Assurance (Malaysia) Berhad (SHF)</i> | 1,445,500               | 0.37                  |
| 30.          | Kenanga Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Sarojini a/p Sivanandam</i>         | 1,440,000               | 0.37                  |
| <b>Total</b> |  | <b>345,172,392</b>      | <b>89.18</b>          |

# STATISTICS OF WARRANT HOLDINGS

as at 5 May 2015 (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                              | 128            | 5,855                | *                    |
| 100 to 1,000                               | 147            | 85,046               | 0.05                 |
| 1,001 to 10,000                            | 342            | 1,999,099            | 1.25                 |
| 10,001 to 100,000                          | 416            | 16,766,785           | 10.48                |
| 100,001 to less than 5% of issued warrants | 145            | 111,976,710          | 69.99                |
| 5% and above of issued warrants            | 1              | 29,150,505           | 18.22                |
| <b>Total</b>                               | <b>1,179</b>   | <b>159,984,000</b>   | <b>100.00</b>        |

Note:-

\* Negligible

## SUBSTANTIAL WARRANT HOLDERS

according to the Register of Substantial Warrant Holders as at 5 May 2015

| 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 <sup>(1)</sup> | 18.22 <sup>(1)</sup> |

Note:-

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

## DIRECTORS' WARRANT HOLDINGS

as at 5 May 2015

| Name of Directors                  | Direct Interest        |                      | Deemed Interest           |                      |
|------------------------------------|------------------------|----------------------|---------------------------|----------------------|
|                                    | No. of Issued Warrants | % of Issued Warrants | No. of Issued Warrants    | % of Issued Warrants |
| Datuk Kamarudin bin Md. Ali        | -                      | -                    | -                         | -                    |
| Ng Chun Kooi                       | -                      | -                    | 29,150,505 <sup>(1)</sup> | 18.22 <sup>(1)</sup> |
| Ow Chee Cheoon                     | -                      | -                    | 1,500,000 <sup>(2)</sup>  | 0.94 <sup>(2)</sup>  |
| Dato' Azizan bin Jaafar            | 90,000                 | 0.06                 | 1,500,000 <sup>(2)</sup>  | 0.94 <sup>(2)</sup>  |
| Bernard Lim Soon Chiang            | 8,446,500              | 5.28                 | 1,500,000 <sup>(2)</sup>  | 0.94 <sup>(2)</sup>  |
| Lam Yun Chiang                     | -                      | -                    | -                         | -                    |
| Datuk Badil Zaman bin Fazul Rahman | 225,000                | 0.14                 | -                         | -                    |
| Loo Choo Hong                      | -                      | -                    | -                         | -                    |
| Muk Sai Tat                        | -                      | -                    | -                         | -                    |

Note:-

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

<sup>(2)</sup> Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 6A of the Act.

## STATISTICS OF WARRANT HOLDINGS

as at 5 May 2015 (as per Record of Warrant Holders)

(Cont'd)

## TOP 30 WARRANT HOLDERS

as per Record of Warrant Holders as at 5 May 2015

| No.          | Name   | No. of<br>Issued<br>Warrants | % of<br>Issued<br>Warrants |
|--------------|--|------------------------------|----------------------------|
| 1.           | Ng Chun Seong  | 29,150,505                   | 18.22                      |
| 2.           | RHB Capital Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Chow Ying Choon</i>                               | 6,920,000                    | 4.33                       |
| 3.           | Kenanga Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Bernard Lim Soon Chiang</i>                           | 6,750,000                    | 4.22                       |
| 4.           | Ng Keong Wee   | 4,950,000                    | 3.09                       |
| 5.           | Lee Kuan Chen  | 4,624,800                    | 2.89                       |
| 6.           | AMSEC Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Mok Sew Wah</i>   | 4,018,815                    | 2.51                       |
| 7.           | AllianceGroup Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Tan Siew Booy (D18)</i>                         | 3,577,400                    | 2.24                       |
| 8.           | CIMSEC Nominees (Tempatan) Sdn Bhd<br><i>CIMB Bank for Ahmad Johari bin Tun Abdul Razak (MY1678)</i>                           | 3,300,700                    | 2.06                       |
| 9.           | Affin Hwang Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Phang Kwong Thin (PHA0148C)</i>                   | 2,870,000                    | 1.79                       |
| 10.          | RHB Capital Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Daniel Lim Hwa Yew</i>                            | 2,759,000                    | 1.72                       |
| 11.          | AMSEC Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account - AmBank (M) Berhad for Wong Tze Leng (SMART)</i>           | 2,446,875                    | 1.53                       |
| 12.          | Kenanga Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Jenny Lim Fen Fua</i>                                 | 2,050,000                    | 1.28                       |
| 13.          | Kenanga Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Muruga Vadivale</i>                                   | 2,045,000                    | 1.28                       |
| 14.          | Kenanga Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Go Pei Qin</i>  | 1,923,150                    | 1.20                       |
| 15.          | Kenanga Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Sarojini a/p Sivanandam</i>                           | 1,900,000                    | 1.19                       |
| 16.          | Yayasan Pok Dan Kassim   | 1,850,000                    | 1.16                       |
| 17.          | AMSEC Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account - AmBank (M) Berhad for Bernard Lim Soon Chiang (SMART)</i> | 1,696,500                    | 1.06                       |
| 18.          | AMSEC Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account - Ambank (M) Berhad for Cheng Ting In (SMART)</i>           | 1,660,500                    | 1.04                       |
| 19.          | Thian Vee Ying   | 1,655,200                    | 1.03                       |
| 20.          | Kenanga Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for On Li Sar @ Oon Li Sar</i>                            | 1,600,000                    | 1.00                       |
| 21.          | Kenanga Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Karen Lee Hoon Yin</i>                                | 1,550,000                    | 0.97                       |
| 22.          | Guy Russel Gilbert   | 1,506,600                    | 0.94                       |
| 23.          | CIMSEC Nominees (Tempatan) Sdn Bhd<br><i>CIMB Bank for Ahmad Johari bin Tun Abdul Razak (MM0080)</i>                           | 1,500,000                    | 0.94                       |
| 24.          | Educrest sdn Bhd   | 1,500,000                    | 0.94                       |
| 25.          | RHB Capital Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>                      | 1,500,000                    | 0.94                       |
| 26.          | Affin Hwang Nominees (Asing) Sdn Bhd<br><i>Lim &amp; Tan Securities Pte Ltd for Lim Soon Ling</i>                              | 1,479,000                    | 0.92                       |
| 27.          | Affin Hwang Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Ang Poh Meng (ANG1548C)</i>                       | 1,300,000                    | 0.81                       |
| 28.          | Kenanga Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Peter Ernest Shack</i>                                | 1,300,000                    | 0.81                       |
| 29.          | Cartaban Nominees (Asing) Sdn Bhd<br><i>Standard Chartered Bank Singapore for BMO S'pore Branch Local Client</i>               | 1,295,000                    | 0.81                       |
| 30.          | SJ Sec Nominees (Tempatan) Sdn Bhd<br><i>Pledged Securities Account for Low Siew Moi (SMT)</i>                                 | 1,252,950                    | 0.78                       |
| <b>Total</b> |  | <b>101,931,995</b>           | <b>63.71</b>               |



# 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

### (i) Initial Public Offering ("IPO")

The proceeds arising from the Company's IPO amounted to RM73.160 million and as at 23 April 2015, the details of the utilisation of proceeds are as follows:-

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

*Explanations:-*

- (a) A total sum of RM1.716 million being underwriting commission, brokerage commission, issuing house fees and out-of-pocket expenses has been proportionately reduced from the respective utilisation categories above.
- (b) The proceeds from the IPO are to be utilised within the estimated timeframe. The Group does not expect any material deviation as at the date of this Annual Report.
- (c) The excess of RM1.282 million in the utilisation for the listing expenses has been allocated for working capital purposes as stated in the Prospectus dated 29 June 2012.

**ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES**

(Cont'd)

**(ii) Private Placement**

The proceeds arising from the Private Placement amounted to RM38.94 million and as at 23 April 2015, the details of the utilisation of proceeds are as follows:-

| Purpose of utilisation                          | Estimated time frame for utilisation from date of listing | Proposed utilisation RM'000 | Actual utilisation RM'000 | Deviation     |   | Explanations |
|---|---|-----------------------------|---------------------------|---------------|---|--------------|
|   |   |                             |                           | Amount RM'000 | % |              |
| i. Working capital                              | Within 3 months   | 38,490                      | 38,490                    | -             | - | -            |
| ii. Estimated expenses relating to the exercise | Within 1 month  | 450                         | 450                       | -             | - | -            |

**2. Share Buy-Back**

During the financial year, the Company repurchased 2,163,400 of its own shares from the open market of Bursa Securities for a total consideration of RM2,663,430.57. The shares are being held as treasury shares. The Company did not re-sell any of its treasury shares during the financial year.

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

| Month     | No. of shares bought back | Highest Price paid (RM) | Lowest Price paid (RM) | Average Price paid (RM) | Total Consideration (RM) |
|-----------|---------------------------|-------------------------|------------------------|-------------------------|--------------------------|
| January   | -                         | -                       | -                      | -                       | -                        |
| February  | 193,800                   | 1.12                    | 1.12                   | 1.12                    | 217,056.00               |
| March     | 400,000                   | 1.10                    | 1.10                   | 1.10                    | 440,000.00               |
| April     | -                         | -                       | -                      | -                       | -                        |
| May       | 100,000                   | 1.17                    | 1.10                   | 1.14                    | 113,500.00               |
| June      | -                         | -                       | -                      | -                       | -                        |
| July      | -                         | -                       | -                      | -                       | -                        |
| August    | -                         | -                       | -                      | -                       | -                        |
| September | -                         | -                       | -                      | -                       | -                        |
| October   | -                         | -                       | -                      | -                       | -                        |
| November  | 100,000                   | 1.70                    | 1.69                   | 1.69                    | 169,200.00               |
| December  | 1,369,600                 | 1.41                    | 1.21                   | 1.26                    | 1,723,674.57             |

**ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES**

(Cont'd)

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

During the FYE 2014, 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 2014.

**4. American Depositary Receipt (ADR) or Global Depositary 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 37 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 23 April 2015.

**7. Non-Audit Fees**

There were non-audit fees amounting to RM13,000 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 2014.

**8. Variation in Results**

The annual audited financial statements of the Company/Group for the FYE 2014 did not vary by 10% or more from the unaudited financial results announced by the Company on 25 February 2015.

**9. Profit Guarantee**

No profit guarantee was received by the Company in respect of the FYE 2014.

**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 5<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 5<sup>th</sup> Annual General Meeting of the Company will be held at Banyan and Casuarina Rooms, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 25 June 2015 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 2014 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**
2. To approve the final dividend by way of distribution of 1 treasury share for every 100 existing ordinary shares of RM0.25 each in the Company in respect of the financial year ended 31 December 2014. **Resolution 1**
3. To re-elect the following Directors who retire by rotation in accordance with Article 95 of the Company's Articles of Association and who being eligible offer themselves for re-election:-
  - (i) Mr Ng Chun Kooi **Resolution 2**
  - (ii) Dato' Azizan bin Jaafar **Resolution 3**
  - (iii) Mr Loo Choo Hong **Resolution 4**
4. To re-appoint Mr Lam Vun Chiang who retires by rotation in accordance with Article 101 of the Company's Articles of Association and who being eligible offers himself for re-election. **Resolution 5**
5. To re-appoint BDO as Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Board of Directors of the Company to determine their remuneration. **Resolution 6**
6. To approve the payment of Directors' fee amounting to RM355,000 in respect of the financial year ended 31 December 2014. **Resolution 7**

### Special Business

7. To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolution:-

#### **Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

**Resolution 8**

**"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 5<sup>TH</sup> ANNUAL GENERAL MEETING**

(Cont'd)

8. 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 9**

**"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 5<sup>TH</sup> ANNUAL GENERAL MEETING**

(Cont'd)

9. 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 5<sup>th</sup> 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 19 June 2015. Only a depositor whose name appears on the ROD as at 19 June 2015 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

**NOTICE OF DIVIDEND ENTITLEMENT**

**NOTICE IS ALSO HEREBY GIVEN THAT** subject to the shareholders' approval of the 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 in respect of the financial year ended 31 December 2014 ("Share Dividend") under **Ordinary Resolution 1** at the 5<sup>th</sup> AGM of the Company, the Share Dividend will be credited into the entitled depositors' securities accounts by 5 August 2015 by way of bulk transfer, subject to the approval of Bursa Malaysia Depository Sdn Bhd. The entitlement date for the Share Dividend shall be on 15 July 2015.

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

- (a) securities transferred into their securities account before 4.00 p.m. on 15 July 2015 for transfers; and
- (b) securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**BY ORDER OF THE BOARD**

**TONG SIUT MOI**  
**MAICSA 7024173**  
 Company Secretary

Selangor Darul Ehsan  
 29 May 2015

**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.

## NOTICE OF 5<sup>TH</sup> ANNUAL GENERAL MEETING

(Cont'd)

### 2. Audited Financial Statements for the financial year ended 31 December 2014

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

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

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

For the purpose of determining the eligibility of the Directors to stand for re-election at the 5<sup>th</sup> 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 16, 17 and 19 of this Annual Report.

### 4. Re-Appointment of Auditors

The Board had at its meeting held on 23 April 2015 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 2, 3, 4 and 5**, who is a shareholder of the Company will abstain from voting on the resolution in respect of his re-election or re-appointment at the 5<sup>th</sup> AGM.

All the non-Executive Directors who are shareholders of the Company will abstain from voting on **Ordinary Resolution 7** concerning the approval on payment of Directors' Fee in respect of the financial year ended 31 December 2014.

### 6. Explanatory Notes on Special Business

#### **Ordinary Resolution 8 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965**

The **Ordinary Resolution 8** proposed under agenda 7 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. During the financial year ended 31 December 2014, there was an issue of 35,400,000 new ordinary shares of RM0.25 each in the Company pursuant to a private placement for working capital purposes and the proceeds raised amounted to RM38,940,000.

The proposed **Ordinary Resolution 8**, 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 9 - Proposed renewal of authority for Share Buy-Back**

The **Ordinary Resolution 9** proposed under agenda 8, 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 145 to 150 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 16, 17 and 19 of this Annual Report and the details of their interests in the securities of the Company are disclosed on pages 134 and 136 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 4<sup>th</sup> AGM of the Company held on 26 June 2014, 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 23 April 2015, announced its intention to seek shareholders' approval on the proposed renewal of authority for a share buy-back exercise of up to ten per centum (10%) of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") at its forthcoming AGM.

The purpose of this Statement is to provide you with details pertaining to the Proposed Share Buy-Back and to seek your approval for the resolution in relation thereto to be tabled at the forthcoming AGM of the Company to be convened and held at Banyan and Casuarina Rooms, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 25 June 2015 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 2014, the Company's retained profits and share premium are as follows:-

| <b>As at 31 December 2014</b> |                    |
|-------------------------------|--------------------|
|                               | <b>RM</b>          |
| Retained Profits              | 22,835,034         |
| Share Premium                 | 85,545,356         |
|                               | <b>108,380,390</b> |

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. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (Cont'd)

#### 2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK (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 SC under Practice Note 2.9.10 of the Code, subject to the affected Substantial Shareholder complying with certain conditions, if the obligation was triggered as a result of action outside the affected Substantial Shareholder's direct participation.

##### 2.1.4 Risk factor

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

##### 2.1.5 Purchases made during the FYE 2014

The details of the GBGAQRS Shares bought back by the Company during the FYE 2014 are as shown in paragraph 2 of the Additional Compliance Information Disclosures on page 139 of this Annual Report.

The said GBGAQRS Shares bought back during the FYE 2014 have 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. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (Cont'd)****2.3 EFFECTS OF THE PROPOSED SHARE BUY-BACK (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 EPS of the Group for the financial year ending 31 December 2015 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 2013, a final single-tier dividend of 1.91 sen per GBGAQRS Share was paid on 23 July 2014.

In respect of the FYE 2014, the Board has proposed a final dividend by way of distribution of one (1) treasury share for every one hundred (100) existing GBGAQRS Shares subject to shareholders' approval at the forthcoming AGM. The dividend to be declared by the Company in respect of the financial year ending 31 December 2015 would depend on, amongst others, the profitability and cash flow position of the Group.

Assuming that the Proposed Share Buy-Back is implemented, dividends would be paid on the remaining issued and paid-up share capital of the Company (excluding the Purchased Shares). The Proposed Share Buy-Back may have an impact on the Company's dividend policy for the financial year ending 31 December 2015 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to the shareholders, if the Company so decides.

## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to paragraphs 8.27(2) and 12.06(2)(a) of the MMLR

(Cont'd)

### 2. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (Cont'd)

#### 2.3 EFFECTS OF THE PROPOSED SHARE BUY-BACK (Cont'd)

##### 2.3.5 Directors' and Substantial Shareholders' shareholdings

Based on the Register of Substantial Shareholders and Directors' Shareholdings as at 15 May 2015 (hereinafter referred to as "LPD", being the latest practicable date before the printing of this Annual Report), and assuming the Proposed Share Buy-Back is implemented in full (i.e. up to 10% of the issued and paid-up capital) and that the Purchased Shares are from shareholders other than the Directors and Substantial Shareholders, the effects of the Proposed Share Buy-Back on the shareholdings of the existing Directors and Substantial Shareholders of the Company by virtue of Section 67A of the Act are as follows:-

|                                    | As at LPD                  |      |                            |       | After the Proposed Share Buy-Back |       |                            |       |
|------------------------------------|----------------------------|------|----------------------------|-------|-----------------------------------|-------|----------------------------|-------|
|                                    | Direct                     |      | Indirect                   |       | Direct                            |       | Indirect                   |       |
|                                    | No. of GBGAQRS Shares Held | %    | No. of GBGAQRS Shares Held | %     | No. of GBGAQRS Shares Held        | %     | No. of GBGAQRS Shares Held | %     |
| <b>Directors</b>                   |                            |      |                            |       |                                   |       |                            |       |
| Datuk Kamarudin bin Md. Ali        | -                          | -    | -                          | -     | -                                 | -     | -                          | -     |
| Ng Chun Kooi                       | 37,342,592                 | 9.65 | 64,778,900 <sup>(1)</sup>  | 16.74 | 37,342,592                        | 10.61 | 64,778,900 <sup>(1)</sup>  | 18.41 |
| Ow Chee Cheoon                     | 32,476,000                 | 8.39 | 40,700,000 <sup>(2)</sup>  | 10.52 | 32,476,000                        | 9.23  | 40,700,000 <sup>(2)</sup>  | 11.57 |
| Dato' Azizan bin Jaafar            | 200,000                    | 0.05 | 40,700,000 <sup>(2)</sup>  | 10.52 | 200,000                           | 0.06  | 40,700,000 <sup>(2)</sup>  | 11.57 |
| Bernard Lim Soon Chiang            | 9,280,000                  | 2.40 | 40,700,000 <sup>(2)</sup>  | 10.52 | 9,280,000                         | 2.64  | 40,700,000 <sup>(2)</sup>  | 11.57 |
| Datuk Badil Zaman bin Fazul Rahman | 3,880,000                  | 1.00 | -                          | -     | 3,880,000                         | 1.10  | -                          | -     |
| Lam Vun Chiang                     | -                          | -    | -                          | -     | -                                 | -     | -                          | -     |
| Loo Choo Hong                      | 100,000                    | 0.03 | -                          | -     | 100,000                           | 0.03  | -                          | -     |
| Muk Sai Tat                        | -                          | -    | -                          | -     | -                                 | -     | -                          | -     |

Notes :-

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

<sup>(2)</sup> Deemed interested via shareholding in Ganjaran Gembira Sdn Bhd

## 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 (Cont'd)

#### 2.3 EFFECTS OF THE PROPOSED SHARE BUY-BACK (Cont'd)

##### 2.3.5 Directors' and Substantial Shareholders' shareholdings (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 | %     |
| <b><u>Substantial Shareholders</u></b> |                            |       |                            |       |                                   |       |                            |       |
| Ng Chun Seong                          | 64,778,900                 | 16.74 | 37,342,592 <sup>(1)</sup>  | 9.65  | 64,778,900                        | 18.41 | 37,342,592 <sup>(1)</sup>  | 10.61 |
| Ng Chun Kooi                           | 37,342,592                 | 9.65  | 64,778,900 <sup>(2)</sup>  | 16.74 | 37,342,592                        | 10.61 | 64,778,900 <sup>(2)</sup>  | 18.41 |
| Ow Chee Cheoon                         | 32,476,000                 | 8.39  | 40,700,000 <sup>(3)</sup>  | 10.52 | 32,476,000                        | 9.23  | 40,700,000 <sup>(3)</sup>  | 11.57 |
| Lim Ann Kok                            | 51,437,100                 | 13.29 | -                          | -     | 51,437,100                        | 14.62 | -                          | -     |
| Bernard Lim Soon Chiang                | 9,280,000                  | 2.40  | 40,700,000 <sup>(3)</sup>  | 10.52 | 9,280,000                         | 2.64  | 40,700,000 <sup>(3)</sup>  | 11.57 |
| Dato' Azizan bin Jaafar                | 200,000                    | 0.05  | 40,700,000 <sup>(3)</sup>  | 10.52 | 200,000                           | 0.06  | 40,700,000 <sup>(3)</sup>  | 11.57 |
| Ganjaran Gembira Sdn Bhd               | 40,700,000                 | 10.52 | -                          | -     | 40,700,000                        | 11.57 | -                          | -     |
| Dato' Ng Kee Leen                      | 22,000,000                 | 5.68  | -                          | -     | 22,000,000                        | 6.25  | -                          | -     |

Notes :-

<sup>(1)</sup> Deemed interested via the shareholding of his brother, Mr Ng Chun Kooi

<sup>(2)</sup> Deemed interested via the shareholding of his brother, Mr Ng Chun Seong

<sup>(3)</sup> Deemed interested via shareholding in Ganjaran Gembira Sdn Bhd

#### 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 31.3%.

### 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 5<sup>th</sup> AGM will be held at Banyan and Casuarina Rooms, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 25 June 2015 at 10.00 a.m.

Details of the 5<sup>th</sup> AGM are set out in the Notice of 5<sup>th</sup> AGM in the 2014 Annual Report together with a Form of Proxy. They are also available on Bursa Securities' website, [www.bursamalaysia.com](http://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 19 June 2015, for the purpose of determining the members who shall be entitled to attend the 5<sup>th</sup> AGM. Only a depositor whose name appears on the ROD as at 19 June 2015 shall be entitled to attend the 5<sup>th</sup> 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   |
| BDO                     | BDO, Chartered Accountants   |
| Board                   | Board of Directors of the Company  |
| Bursa Securities        | Bursa Malaysia Securities Berhad   |
| CEO                     | Chief Executive Officer  |
| CFO                     | Chief Financial Officer  |
| CG                      | Corporate governance   |
| Code                    | Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time and any re-enactment thereof  |
| Company                 | Gabungan AQRS Berhad   |
| ED/EDs                  | Executive Director or its plural   |
| EPS                     | Earnings per share   |
| FYE 2013                | Financial year ended 31 December 2013  |
| FYE 2014                | Financial year ended 31 December 2014  |
| GBGAQRS Share(s)        | Ordinary share(s) of RM0.25 each in the Company  |
| GDP                     | Gross domestic product   |
| GDV                     | Gross development value  |
| 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   |
| IA                      | Internal audit   |
| INED/INEDs              | Independent Non-Executive Director or its plural   |
| IPO                     | Initial Public Offering  |
| KVMRT                   | Klang Valley My Rapid Transit  |
| LPD                     | 15 May 2015, being the latest practicable date before the printing of this Annual Report   |
| MCCG                    | Malaysian Code on Corporate Governance, 2012   |
| 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                                |
| Megah Ikhlas            | Pembinaan Megah Ikhlas Sdn Bhd   |
| Motibina                | Motibina Sdn Bhd   |
| NA                      | Net assets   |
| NC                      | Nomination Committee   |
| NED/NEDs                | Non-Executive Director or its plural   |
| NSV                     | Net sales value  |
| PPSAS                   | Pusat Pentadbiran Sultan Ahmad Shah  |
| 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 of 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) issued by the Malaysian Institute of Accountants  |
| SC                      | Securities Commission  |
| SICDA                   | Securities Industry (Central Depositories) Act, 1991   |
| ToR                     | Terms of Reference   |

# 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 5<sup>th</sup> AGM of the Company to be held at Banyan and Casuarina Rooms, Sime Darby Convention Centre, Ground Floor, 1A, Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 25 June 2015 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of 5<sup>th</sup> 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 2014 and Reports of Directors and Auditors thereon |     |         |
| <b>Resolution 1</b> | To declare Final Dividend by way of distribution of treasury shares   |     |         |
| <b>Resolution 2</b> | To re-elect Mr Ng Chun Kooi as Director ( <i>Article 95</i> )   |     |         |
| <b>Resolution 3</b> | To re-elect Dato' Azizan bin Jaafar as Director ( <i>Article 95</i> )   |     |         |
| <b>Resolution 4</b> | To re-elect Mr Loo Choo Hong as Director ( <i>Article 95</i> )  |     |         |
| <b>Resolution 5</b> | To re-appoint Mr Lam Vun Chiang as Director ( <i>Article 101</i> )  |     |         |
| <b>Resolution 6</b> | To re-appoint BDO as auditors of the Company and to authorise the Board of Directors to determine their remuneration      |     |         |
| <b>Resolution 7</b> | To approve payment of Directors' fee for financial year ended 31 December 2014  |     |         |
| Special Business    |   |     |         |
| <b>Resolution 8</b> | Authority to issue shares pursuant to Section 132D of the Companies Act, 1965   |     |         |
| <b>Resolution 9</b> | 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 \_\_\_\_\_ 2015

| For appointment of two proxies, percentage of shareholdings to be represented by the proxies |               |            |
|--|---------------|------------|
|  | No. of shares | Percentage |
| Proxy 1  |               |            |
| Proxy 2  |               |            |
| Total  |               | 100%       |

Signature(s) / Common Seal of Member(s)

## NOTES:-

- Applicable to shares held through a nominee account.
- A proxy may, but need not be a member of the Company. A member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.
- Subject to paragraphs (5) and (6) below, a member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend this meeting and vote in his stead. Where a holder appoints two (2) proxies to attend and vote at the same meeting, such appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority shall be deposited at the Registered Office of the Company at 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.
- For the purpose of determining a member who shall be entitled to attend this 5<sup>th</sup> 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 19 June 2015. Only a depositor whose name appears on the ROD as at 19 June 2015 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

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Website : [www.gbg.com.my](http://www.gbg.com.my)