8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS *(Cont'd)*

Transacting Parties	Interested Related Parties	Nature of Relationship	Nature of Transactions	Transaction Value for FYE (RM'000)			Forecast for FYE 2012[(1)] (RM'000)
				2009	2010	2011	
Mako Sakyata Engineering Sdn Bhd and Motibina	Ng Kit Heng	Ng Choon Heng (Deceased), who was a Director and shareholder of Mako Sakyata Engineering Sdn Bhd, was the brother of Ng Kit Heng, who is a Promoter, substantial shareholder and an Executive Director of our Company.	Provision of sub-contractor services by Mako Sakyata Engineering Sdn Bhd to Motibina for construction of metal works for projects undertaken by Motibina*	306	2,119	3,880	3,257
Mako Sakyata-Alphazen Contract Sdn Bhd and Motibina	Ng Kit Heng	Ng Choon Heng (Deceased), who was a Director of Mako Sakyata-Alphazen Contract Sdn Bhd, was the brother of Ng Kit Heng, who is a Promoter, substantial shareholder and an Executive Director of our Company.	Provision of sub-contractor service by Mako Sakyata-Alphazen Contract Sdn Bhd to Motibina for construction of residential buildings*	-	310	651	-

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8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS *(Cont'd)*

Transacting Parties	Interested Related Parties	Nature of Relationship	Nature of Transactions	Transaction Value for FYE (RM'000) 2009	2010	2011	Forecast for FYE 2012[(1)] (RM'000)
AQRS and Lau Hing Kiet, Ow Chee Cheoon, Ng Chun Kooi, Ng Kit Heng, Lim Ann Kok, Bernard Lim Soon Chiang and Ow Chee Hong	Lau Hing Kiet, Ow Chee Cheoon, Ng Chun Kooi, Ng Kit Heng, Lim Ann Liang and Bernard Lim Soon Chiang	Lau Hing Kiet, Ow Chee Cheoon, Ng Chun Kooi, Ng Kit Heng and Bernard Lim Soon Chiang are Promoters, Executive Directors, substantial shareholder and key managements of our Company. Lim Ann Kok is the brother of Lim Ann Liang, who is a substantial shareholder of our Company. Ow Chee Hong is the brother of Ow Chee Cheoon, who is a Promoter, substantial shareholder and an Executive Director of our Company.	Purchase of 7 units in "Contours" by Lau Hing Kiet, Ow Chee Cheoon, Ng Chun Kooi, Ng Kit Heng, Lim Ann Kok, Bernard Lim Soon Chiang and Ow Chee Hong from AQRS[(3)]	-	4,774	6,743	6,828
AQRS and Ow Chee Cheoon and Ng Kit Heng	Ow Chee Cheoon and Ng Kit Heng	Ow Chee Cheoon and Ng Kit Heng are Promoters and Executive Directors of our Company.	Appointment of AQRS as the developer to undertake the development of "Stylo" located in Bandar Sunway, District Petaling, Selangor Darul Ehsan	-	-	-[(4)]	-

8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS *(Cont'd)*

Transacting Parties	Interested Related Parties	Nature of Relationship	Nature of Transactions	Transaction Value for FYE (RM'000) 2009	2010	2011	Forecast for FYE 2012[(1)] (RM'000)
AQRS and: • Ow Chee Hong; • Ow Yin Peng; • Ow Yuen Mei; • Phang Chow Yeh and Ow Yin Yee • Tan Ban Keat and Tan Ban Eu • Kong Ling Foong	• Ow Chee Cheoon • Tan Ban Keat • Ng Chun Kooi	• Ow Chee Hong, Ow Yin Peng, Ow Yuen Mei and Ow Yin Yee are siblings of Ow Chee Cheoon, who is a Promoter, substantial shareholder and an Executive Director of our Company. • Phang Chow Yeh is the brother-in-law of Ow Chee Cheoon, who is a Promoter, substantial shareholder and an Executive Director of our Company. • Tan Ban Keat and Tan Ban Eu are brothers. Tan Ban Keat is a Director of Prestige Field. • Kong Ling Foong is the spouse of Ng Chun Kooi, who is a Promoter, substantial shareholders and an Executive Director and Chief Executive Officer of our Company.	• Purchase of 8 units of The CEO Suites in "The Altium" project by Ow Chee Hong, Ow Yin Peng, Ow Yuen Mei, Phang Chow Yeh and Ow Yin Yee, Tan Ban Keat and Tan Ban Eu, Kong Ling Foong and Bernard Lim Soon Chiang[(3)]	-	-	664	2,929

8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS *(Cont'd)*

Transacting Parties	Interested Related Parties	Nature of Relationship	Nature of Transactions	Transaction Value for FYE (RM'000) 2009	2010	2011	Forecast for FYE 2012[(1)] (RM'000)
• Bernard Lim Soon Chiang	• Bernard Lim Soon Chiang	• Bernard Lim Soon Chiang is a key management personnel of our Company and a Director of Megah Ikhlas.					
Prestige Field and:							
• Ng Kit Heng and Khoo Ai Poh	• Ng Kit Heng	• Khoo Ai Poh is the spouse of Ng Kit Heng, who is a Promoter, substantial shareholder and an Executive Director of our Company.	• Purchase of 11 units of office shoplots of our "The Avenue @ Kinrara Uptown" project by Ng Kit Heng and Khoo Ai Poh, Kong Ling Foong, Tan Ban Keat, Tan Ban Eu, Ong Jo Ann, Ong K Jin, Ong Yoong Fatt and Lim Siew Lean, Seri Mutiara Alam Sdn Bhd and Westford Avenue Sdn Bhd	-	-	3,850	7,524
• Kong Ling Foong	• Ng Chun Kooi	• Kong Ling Foong is the spouse of Ng Chun Kooi, who is a Promoter, substantial shareholders and an Executive Director and Chief Executive Officer of our Company.					
• Tan Ban Eu	• Tan Ban Keat	• Tan Ban Keat is a Director of Prestige Field.					
• Tan Ban Eu and Tan Ban Keat	• Tan Ban Keat	• Tan Ban Keat and Tan Ban Eu are brothers. Tan Ban Keat is a Director of Prestige Field.					

8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS *(Cont'd)*

Transacting Parties	Interested Related Parties	Nature of Relationship	Nature of Transactions	Transaction Value for FYE (RM'000)			Forecast for FYE 2012[(1)] (RM'000)
				2009	2010	2011	
• Ong Jo Ann and Tan Ban Keat	• Tan Ban Keat	• Ong Jo Ann is the spouse of Tan Ban Keat, who is a Director of Prestige Field.					
• Ong K Jin	• Tan Ban Keat	• Ong K Jin is the brother-in-law of Tan Ban Keat, who is a Director of Prestige Field.					
• Ong Yoong Fatt and Lim Siew Lean	• Tan Ban Keat	• Ong Yoong Fatt and Lim Siew Lean are the parents-in-law of Tan Ban Keat, who is a Director of Prestige Field.					
• Seri Mutiara Alam Sdn Bhd	• Tan Ban Keat	• Tan Ban Keat, who is a Director of Prestige Field, is also a major shareholder and Director of Seri Mutiara Alam Sdn Bhd.					
• Westford Avenue Sdn Bhd	• Lau Hing Kiet	• Lau Hing Kiet who is a key management personnel and key technical personnel of our Company is also a major shareholder and Director of Westford Avenue Sdn Bhd.					

Notes:

* *The construction project was awarded based on selective tender by pre-qualified sub-contractors in our approved list.*

(1) *Being forecast transaction value for FYE 2012.*

8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS *(Cont'd)*

(2) *Management fees of RM12,000 per year was paid to Lim Ann Kok for his assistance in procuring and vetting suppliers due to his extensive network and experience as the past president of Building Materials and Distributors Association. With effect from 1 January 2011, no further management fees is paid to Lim Ann Kok.*

(3) *The consideration for the sales of units in "Contours", "The Altium" and "The Avenue @ Kinrara Uptown" to the related parties was based on initial launch prices which were offered to all purchasers by AQRS. These transactions were conducted on an "arms length" basis.*

(4) *There is no value for the transaction as the development agreement entered into by AQRS with Ng Kit Heng and Ow Chee Cheoon dated 10 February 2011 (amounting to RM15.326 million) were subsequently terminated vide a deed of mutual termination dated 18 August 2011.*

Our Directors are of the view that all the above recurrent related party transactions were conducted on arm's length basis and on terms not more favourable to the related parties than those generally available to the public and were not to the detriment of our minority shareholders.

Further details in relation to the shareholders' mandate for recurrent related party transactions are set out in Section 8.6 of this Prospectus.

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8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS *(Cont'd)*

8.1.2 Other Related Party Transactions

Save as disclosed below, we do not have any other existing and/or proposed other related party transactions with related parties which involves the interests, direct or indirect, of the Directors of our Group, our major shareholders, the chief executives of our Group and/or persons connected with them as defined in the Listing Requirements which are material to our Group, in the past 3 **FYEs** 2009 to 2011 and forecast for FYE 2012:

Transacting Parties	Interested Related Parties	Nature of Relationship	Nature of Transactions	Transaction Value for FYE (RM'000)			Forecast for FYE 2012 [(1)]
				2009	2010	2011	(RM'000)
Adat Prestasi Sdn Bhd ("**Adat Prestasi**") and Motibina	Ow Chee Cheoon	Ow Chee Cheoon, who is a Director and shareholder of Adat Prestasi Sdn Bhd, is also a Promoter, substantial shareholder and an Executive Director of our Company.	Provision of corporate guarantee by Motibina to Adat Prestasi[(2)]	2,557	2,557	2,557	2,557
Daiman Mentari Sdn Bhd ("**Daiman Mentari**") and Motibina	Ng Kit Heng	Ng Kit Heng, who is a Director and shareholder of Daiman Mentari Sdn Bhd, is also a Promoter, substantial shareholder and an Executive Director of our Company.	Provision of corporate guarantee by Motibina to Daiman Mentari[(2)]	2,645	2,645	2,645	2,645

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8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS *(Cont'd)*

Transacting Parties	Interested Related Parties	Nature of Relationship	Nature of Transactions	Transaction Value for FYE (RM'000) 2009	2010	2011	Forecast for FYE 2012 [(1)] (RM'000)
AQRS and Ng Kit Heng and Ow Chee Cheoon	Ng Kit Heng and Ow Chee Cheoon	• Ng Kit Heng, who is a Promoter, substantial shareholder and an Executive Director of our Company. • Ow Chee Cheoon, who is a Promoter, substantial shareholder and an Executive Director of our Company.	Stylo Land SPA	-	-	-	497^
Motibina and Ow Chee Cheoon	Ow Chee Cheoon	Ow Chee Cheoon, who is a Director and shareholder of Motibina, is also a Promoter, substantial shareholder and an Executive Director of our Company.	Disposal of a unit of 3-storey shop office in Kota Damansara, Petaling Jaya, Selangor Darul Ehsan by Ow Chee Cheoon to Motibina[@]	2,411	-	-	-

Notes:

(1) *Being forecast transaction value for FYE 2012.*

(2) *Further information on the corporate guarantee given by Motibina in favour of Daiman Mentari and Adat Prestasi is set out in Section 10.4.6 of this Prospectus. As at the LPD, the properties held by Daiman Mentari and Adat Prestasi are in the process of being disposed of. We will obtain a discharge of Motibina's corporate guarantees upon completion of the aforesaid disposals.*

^ *Subject to the completion of the Stylo Land SPA. The amount refers to the sum of RM497,400, being the earnest deposit paid by AQRS to Ng Kit Heng and Ow Chee Cheoon on 16 April 2012 pursuant to the Stylo Land SPA. Further details are set out in Section 2.8 of this Prospectus.*

@ *The purchase consideration was based on prevailing market value at the point of acquisition in 2008.*

Our Directors are of the view that all the above other related party transactions were conducted on arm's length basis and on terms not more favourable to the related parties than those generally available to the public and were not to the detriment of our minority shareholders.

8.1.3 Review Procedures For Related Party Transactions

Our Group has established various procedures to ensure that the related party transactions are undertaken on an arm's length basis and on normal commercial terms that are consistent with our Group's usual business practices and policies, which are not on terms that are more favourable to the related parties than those extended to the public and are not to the detriment of our minority shareholders.

The review procedures established by our Group for the related party transactions are as follows:

(i) all companies within our Group have been informed of the definition of "related party" and the review procedures applicable to all recurrent related party transactions;

(ii) all companies within our Group shall only enter into recurrent related party transactions after taking into account the pricing, level of service, quality of product as compared to market prices and industry standards. Any recurrent related party transaction entered into shall be treated and processed on normal commercial terms consistent with our Group's usual business practices and policies and will not be detrimental to our minority shareholders;

(iii) the transaction prices are determined by the prevailing market rates/prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;

(iv) all recurrent related party transactions, which are not disclosed above and have a value equivalent to or more than RM1,000,000 or 1% of any percentage ratio (as defined under Paragraph 10.09(1) of the Listing Requirements), whichever is higher, shall be reviewed by the Audit Committee before the transactions are entered into;

(v) for other recurrent related party transactions, which are not covered by the above paragraph (iv), the transactions shall be reviewed by the Audit Committee on a periodic basis;

(vi) any member of the Audit Committee may as he or she deems fit, request for additional information pertaining to the transactions including from independent sources or advisers;

(vii) if a member of the Audit Committee has an interest, direct or indirect, in any particular transaction, he or she will have to abstain from any deliberation and also voting on the matter at the Audit Committee meeting in respect of such transaction;

(viii) proper records shall be maintained to capture all recurrent related party transactions entered into pursuant to the shareholders' mandate to ensure accurate disclosure thereof. Disclosure will be made in our Company's annual report of the breakdown of the aggregate value of the recurrent related party transactions during the financial year, amongst others, based on the following information:

(a) the type of recurrent related party transactions made; and

(b) the names of the related parties involved in each type of the recurrent related party transaction made and their relationship with our Group.

(ix) the annual internal audit plan shall incorporate a review of all related party transactions entered into pursuant to the shareholders' mandate to ensure that relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to;

(x) the Audit Committee shall review the internal audit reports to ascertain that the guidelines and the procedures established to monitor related party transactions are complied with; and

(xi) the Audit Committee shall have the overall responsibility of determining whether the review procedures are appropriate, with the authority to delegate such function to individuals or committee within our Company as it shall deem fit.

8.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

Our Directors have confirmed that to their best knowledge and belief, as at the LPD, we have not entered into any transaction that is unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which we or any of our subsidiaries was a party during the past 3 FYEs 2009 to 2011 and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

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8.3 OUTSTANDING LOANS MADE TO OR FOR THE BENEFIT OF RELATED PARTIES

Save as disclosed below, there are no other outstanding loan (including guarantees of any kind), made by us or any of our subsidiaries to or for the benefit of related parties during the past 3 FYEs 2009 to 2011 and the subsequent financial period thereof, immediately preceding the date of this Prospectus:

Company	FYE 2009 (RM'000)	FYE 2010 (RM'000)	FYE 2011 (RM'000)	From 1 January 2012 to immediately preceding the date of this Prospectus (RM'000)
Short term	-	-	-	-
Long term: - Corporate guarantee rendered by Motibina[(1)]	5,202	5,202	5,202	5,202
- Amount owing by Directors of Gabungan Strategik and persons connected to the Directors of Gabungan Strategik[(2)]	2,931	-[(4)]	-	-
- Amount owing by Directors of Megah Ikhlas and persons connected to the Directors of Megah Ikhlas[(3)]	21,031	-[(4)]	-	-

Notes:

(1) *Further information on the corporate guarantee given by Motibina in favour of Daiman Mentari and Adat Prestasi is set out in Section 10.4.6 of this Prospectus. As at the LPD, the properties held by Daiman Mentari and Adat Prestasi are in the process of being disposed of. We will obtain a discharge of Motibina's corporate guarantees upon completion of the aforesaid disposals.*

(2) *The amount owing by Directors of Gabungan Strategik and persons connected to the Directors of Gabungan Strategik consist of interest-free advances.*

(3) *The amount owing by Directors of Megah Ikhlas and persons connected to the Directors of Megah Ikhlas consist of interest-free advances.*

(4) *The amount has been fully repaid as at 31 December 2010.*

The above loans by our Group were made on an arm's length basis. Accordingly, going forward, our Group will only enter into any transactions of the above nature that is on an arm's length basis and subject to compliance with relevant laws and regulations.

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8.4 INTERESTS IN SIMILAR BUSINESS

As at the LPD, save as disclosed below, none of our other Directors or substantial shareholders has any interest, direct or indirect, in any business and corporation carrying on a similar trade as our Group:

(i) Ng Kit Heng

Name of Company	Nature of Business	Position (Director/ Shareholder)	Shareholding Direct (%)	Shareholding Indirect (%)
Masprima Development Sdn Bhd(1)	Property development	Director and shareholder	50.00	-
Benua Projaya Sdn Bhd(3)	Property development	Director and shareholder	50.00	-
Daiman Mentari(2)	Property investment holding	Director and shareholder	49.00	-
Industri Indera (M) Sdn Bhd(1)	Dormant	Shareholder	13.80	-
Regal Starhill Sdn Bhd(2)	Property investment	Director and shareholder	24.00	-
Pancaran Magnitud Sdn Bhd(2)	Dormant	Director	-	-

Ng Kit Heng and Ow Chee Cheoon in their personal capacity own a piece of land known as Stylo Land. Their personal ownership of Stylo Land may give rise to a conflict of interest situation with the principal activities of our Group namely, construction and property development activities. In order to resolve and mitigate the conflict of interest above, Ng Kit Heng and Ow Chee Cheoon had entered into Stylo Land SPA to dispose the aforesaid Stylo Land to AQRS. As at the date of this Prospectus, the Proposed Acquisition of Stylo Land has yet to be completed.

Mitigating factors:

Ng Kit Heng had, pursuant to letters of undertaking dated 30 May 2011 and 18 August 2011, undertaken that he will:

(1) take all necessary steps to wind-up the following companies in due course:

(i) Masprima Development Sdn Bhd ("**Masprima**"). Masprima's principal activity is in property development which is similar to our Group's activities. However, the company has been inactive after the completion of its last project in 2008; and

(ii) Industri Indera (M) Sdn Bhd ("**Industri Indera**"). Industri Indera's principal activity is in property development which is similar to our Group's activities. However, the company had on 31 January 2005, entered into a sale and purchase agreement to dispose its only property which was completed in 2007 and is dormant as at the LPD;

(2) not procure the following companies to venture into property development activities that may compete with our Group (including, but not limited to, joint venture arrangement or shareholders agreement) for as long as he or any person connected to him (as defined in the Listing Requirements) remain as a Director or substantial shareholder of any company within our Group:

(i) Regal Starhill Sdn Bhd ("**Regal Starhill**"). Regal Starhill's principal activity is in property investment which is similar to our Group's activities. The company owns a few properties as an investment and does not have any property development activities;

(ii) Daiman Mentari. Daiman Mentari's principal activity is in property investment which is similar to our Group's activities. As at the LPD, the property held by Daiman Mentari is in the process of being disposed of. It is intended to be wound-up in due course; and

(iii) Pancaran Magnitud Sdn Bhd ("**Pancaran Magnitud**"). The intended principal activities are that of general trading, land and property investment and investment holding. As at the LPD, the company is dormant. It is intended to be wound-up in due course.

(3) not procure Benua Projaya Sdn Bhd ("**Benua Projaya**") to venture into property development activities that may compete with our Group (including, but not limited to, joint venture arrangement or shareholders agreement) for as long as he or any person connected to him (as defined in the Listing Requirements) remain as a Director or substantial shareholder of any company within our Group. Benua Projaya's principal activity is in property development which is similar to our Group's activities. However, the company has not commenced any property development activities but is currently holding a piece of land;

Notwithstanding the above, he may dispose the property held by Benua Projaya or the shares in Benua Projaya in the future. However, he undertakes not to dispose any property held by Benua Projaya or any share in Benua Projaya to any of his nominees for as long as he remains as a Director or substantial shareholder of any company within our Group;

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(4) Notwithstanding his undertaking in paragraph (3) above, he shall have the right at any time to sell, transfer or otherwise dispose of:

(a) his shares in Benua Projaya and Pancaran Magnitud; or

(b) property held under Benua Projaya, Regal Starhill, Daiman Mentari and Pancaran Magnitud;

provided always that:

(i) Benua Projaya, Regal Starhill, Daiman Mentari or Pancaran Magnitud shall have first offered in writing the right of first refusal to our Group to purchase the property held by Benua Projaya, Regal Starhill, Daiman Mentari and Pancaran Magnitud; or

(ii) he shall have first offered in writing the right of first refusal to our Group to purchase his shares in Benua Projaya and Pancaran Magnitud;

at the same price and terms offered to that third party (hereinafter referred to as the "**Offer**"); and if our Group fails to accept the Offer within thirty (30) days or if requested for further time by our Group, within an additional 15 days from the expiry of the aforesaid 30 days from the date the Offer is made to our Group, then Benua Projaya, Regal Starhill, Daiman Mentari or Pancaran Magnitud shall have the right to sell the property to that third party or he shall have the right to sell his shares in Benua Projaya or Pancaran Magnitud to that third party; and

(5) he also undertakes that he will not venture into any other property development activities and construction industry that may compete with the principal activities of our Group (including but not limited to, joint venture agreement, shareholders agreement or purchase of land) for as long as he or any person connected to him (as defined in the Listing Requirements) remain as a Director or substantial shareholder of any company within our Group.

In addition to the above, Ng Kit Heng had, pursuant to a letter of undertaking dated 13 April 2012, undertaken that he will:

1. Pursuant to the Stylo Land SPA;

(a) To do all the necessary within his powers to expedite the fulfillment of the conditions precedent (as stated in the Stylo Land SPA) no later than twelve (12) months from the date of the Stylo Land SPA;

(b) To follow up with Tenaga Gagah Sdn Bhd (being the previous owner of the Stylo Land) ("**Tenaga Gagah**") from time to time to ensure that the conditions precedent are satisfied with the period stipulated or the extended period stipulated in the Stylo Land SPA (collectively referred to as the "**Periods**"), if required;

(c) In the event that the conditions precedent are not satisfied within the Periods, he undertakes to sell and/or dispose of the Stylo Land immediately upon the termination of the Stylo Land SPA to a third party whom shall be a person not connected to him (as defined in the Listing Requirements);

2. He will cause Tenaga Gagah to execute a valid and registrable memorandum of transfer to effect the transfer of title to the Stylo Land to AQRS ("**Transfer**"), free from all encumbrances subject to all conditions of title and restrictions in interest whether expressed or implied and the existing category of land use affecting the title simultaneously upon the execution of the Stylo Land SPA.

3. He shall follow-up from time to time with AQRS' solicitors to expedite the registration of the Transfer in accordance with the land office prevailing at the point of presentation to the relevant land office.

4. In the event that the Stylo Land SPA is terminated:

   (a) He shall use all reasonable efforts to sell and/or dispose of the Stylo Land by way of open tender and the tender process shall be managed by an independent estate agent; and

   (b) Shall give the estate agent six (6) months from the date of termination of the Stylo Land SPA ("**First Cut-Off**") to dispose of the Stylo Land and to complete the perfection of the title in favour of the prospective purchase within one (1) year from the First Cut-Off.

5. He also undertakes that there is no on-going development on the Stylo Land and he shall not and will not carry out and/or commence any form of development on the Stylo Land including but not limited to any mixed development, commercial, residential together with all the necessary infrastructure and public utilities and the sale of any unit of the development property thereof in whatever manner prior to the registration of the title to the Stylo Land in favour of AQRS.

Pursuant to the above letters of undertaking, there will not be any conflicts of interest issue arising as the conflicts of interest have been mitigated.

Further details on the Stylo Land SPA is set out in Section 2.8 of this Prospectus.

(ii) Ow Chee Cheoon

Name of Company	Nature of Business	Position (Director/ Shareholder)	Shareholding	
			Direct (%)	Indirect (%)
Masprima [(1)]	Property development	Director and shareholder	50.00	-

Name of Company	Nature of Business	Position (Director/ Shareholder)	Shareholding	
			Direct (%)	Indirect (%)
Benua Projaya [3]	Property development	Director and shareholder	50.00	-
Adat Prestasi [2]	Property investment holding	Director and shareholder	49.00	-
Java Hill Realty Sdn Bhd[2]	Property investment	Director and shareholder	90.00	-
Industri Indera [1]	Dormant	Director and shareholder	13.70	-
Regal Starhill [2]	Property investment	Director and shareholder	23.00	-
Pancaran Magnitud [2]	Dormant	Director	-	-

Details on the ownership of Ng Kit Heng and Ow Chee Cheoon's ownership of Stylo Land in their personal capacity is set out in Section 8.4(i) above.

Mitigating factors:

Ow Chee Cheoon had, pursuant to letters of undertaking dated 30 May 2011 and 18 August 2011, undertaken that he will:

(1) take all necessary steps to wind-up the following companies in due course:

   (i) Masprima. Masprima's principal activity is in property development which is similar to our Group's activities. However, the company has been inactive after the completion of its last project in 2008; and

   (ii) Industri Indera. Industri Indera's principal activity is in property development which is similar to our Group's activities. However, the company had on 31 January 2005, entered into a sale and purchase agreement to dispose its only property which was completed in 2007 and is dormant as at the LPD;

(2) not procure the following companies to venture into property development activities that may compete with our Group (including, but not limited to, joint venture arrangement or shareholders agreement) for as long as he or any person connected to him (as defined in the Listing Requirements) remain as a Director or substantial shareholder of any company within our Group:

(i) Java Hill Realty Sdn Bhd ("**Java Hill**"). Part of Java Hill's principal activity is in property investment which is similar to our Group's activities. The company owns properties as an investment and does not have any property development activities;

(ii) Regal Starhill. Regal Starhill's principal activity is in property investment which is similar to our Group's activities. The company owns a few properties as an investment and does not have any property development activities;

(iii) Adat Prestasi. Adat Prestasi's principal activity is in property investment which is similar to our Group's activities. As at the LPD, the property held by Adat Prestasi is in the process of being disposed of. It is intended to be wound-up in due course;

(iv) Pancaran Magnitud. The intended principal activities are that of general trading, land and property investment and investment holding. As at the LPD, the company is dormant. It is intended to be wound-up in due course.

(3) not procure Benua Projaya to venture into property development activities that may compete with our Group (including, but not limited to, joint venture arrangement or shareholders agreement) for as long as he or any person connected to him (as defined in the Listing Requirements) remain as a Director or substantial shareholder of any company within our Group. Benua Projaya's principal activity is in property development which is similar to our Group's activities. However, the company has not commenced any property development activities but is currently holding a piece of land;

Notwithstanding the above, he may dispose the property held by Benua Projaya or the shares in Benua Projaya in the future. However, he undertakes not to dispose any property held by Benua Projaya or any share in Benua Projaya to any of his nominees for as long as he remains as a Director or substantial shareholder of any company within our Group;

(4) Notwithstanding his undertaking in paragraph (3) above, he shall have the right at any time to sell, transfer or otherwise dispose of:

(a) his shares in Benua Projaya and Pancaran Magnitud; or

(b) property held under Benua Projaya, Java Hill, Regal Starhill, Adat Prestasi and Pancaran Magnitud;

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Provided Always That:

(i) Benua Projaya, Java Hill, Regal Starhill, Adat Prestasi or Pancaran Magnitud shall have first offered in writing the right of first refusal to our Group to purchase the property held by Benua Projaya, Java Hill, Regal Starhill, Adat Prestasi and Pancaran Magnitud; or

(ii) he shall have first offered in writing the right of first refusal to our Group to purchase his shares in Benua Projaya and Pancaran Magnitud;

at the same price and terms offered to that third party (hereinafter referred to as the "**Offer**"); and if our Group fails to accept the Offer within thirty (30) days or if requested for further time by our Group, within an additional 15 days from the expiry of the aforesaid 30 days from the date the Offer is made to our Group, then Benua Projaya, Java Hill, Regal Starhill, Adat Prestasi or Pancaran Magnitud respectively shall have the right to sell the property to that third party or he shall have the right to sell his shares in Benua Projaya or Pancaran Magnitud to that third party; and

(5) he also undertakes that he will not venture into any other property development activities and construction industry that may compete with the principal activities of our Group (including but not limited to, joint venture agreement, shareholders agreement or purchase of land) for as long as he or any person connected to him (as defined in the Listing Requirements) remain as a Director or substantial shareholder of any company within our Group.

In addition to the above, Ow Chee Cheoon had, pursuant to a letter of undertaking dated 13 April 2012, undertaken that he will:

1. Pursuant to the Stylo Land SPA;

(a) To do all the necessary within his powers to expedite the fulfillment of the conditions precedent (as stated in the Stylo Land SPA) no later than twelve (12) months from the date of the Stylo Land SPA;

(b) To follow up with Tenaga Gagah from time to time to ensure that the conditions precedent are satisfied with the Periods, if required;

(c) In the event that the conditions precedents are not satisfied within the Periods, he undertakes to sell and/or dispose of the Stylo Land immediately upon the termination of the Stylo Land SPA to a third party whom shall be a person not connected to him (as defined in the Listing Requirements);

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2. He will cause Tenaga Gagah to execute a valid and registrable memorandum of transfer to effect the Transfer, free from all encumbrances subject to all conditions of title and restrictions in interest whether expressed or implied and the existing category of land use affecting the title simultaneously upon the execution of the Stylo Land SPA.

3. He shall follow-up from time to time with AQRS' solicitors to expedite the registration of the Transfer in accordance with the land office prevailing at the point of presentation to the relevant land office.

4. In the event that the Stylo Land SPA is terminated:

   (a) He shall use all reasonable efforts to sell and/or dispose of the Stylo Land by way of open tender and the tender process shall be managed by an independent estate agent; and

   (b) Shall give the estate agent six (6) months from the date of termination of the Stylo Land SPA to dispose of the Stylo Land and to complete the perfection of the title in favour of the prospective purchase within one (1) year from the First Cut-Off.

5. He also undertakes that there is no on-going development on the Stylo Land and he shall not and will not carry out and/or commence any form of development on the Stylo Land including but not limited to any mixed development, commercial, residential together with all the necessary infrastructure and public utilities and the sale of any unit of the development property thereof in whatever manner prior to the registration of the title to the Stylo Land in favour of AQRS.

Pursuant to the above letters of undertaking, there will not be any conflicts of interest issue arising as the conflicts of interest have been mitigated.

Further details on the Stylo Land SPA is set out in Section 2.8 of this Prospectus

(iii) Shahrum Niza Bin Yahya

Name of Company	Nature of Business	Position (Director/ Shareholder)	Shareholding	
			Direct (%)	Indirect (%)
Yahaza Holdings Sdn Bhd[(1)]	Property development	Director	-	-
Evo Enterprise[(2)]	Building contractor works, roadworks and landscape	Sole proprietor	100.00	-

8. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS *(Cont'd)*

Mitigating Factors:

(1) Yahaza Holdings Sdn Bhd's principal activity is in property development which is similar to our Group's activities. However, Shahrum Niza Bin Yahya is not a Director of our Company. Furthermore, the company and its property development activities are based in Perak whereas our Group's property development activities are concentrated in the Klang Valley, Penang and Johor areas. Thus, there will not be any conflicts of interest issue arising as a result of the similarity in the activities.

(2) Evo Enterprise's principal activities are building contractor works, roadworks and landscape but are not considered to be in direct competition with our Group as Evo Enterprise is mainly involved in providing complementary services to the construction industry which is normally sub-contracted out by our Group.

Shahrum Niza Bin Yahya has, pursuant to a letter of undertaking dated 1 June 2011, undertaken that he will not be involved in any property development related activities or construction related activities, which is in direct competition or similar business with our Group that may result in a potential conflicts of interest situation with our Group for as long as he or any person connected to him (as defined in the Listing Requirements) remain as a Director or substantial shareholder of any company within our Group.

Notwithstanding the mitigating factors above, our Directors and substantial shareholders are aware that the interests held by our Directors and substantial shareholders in other businesses and corporations which have similar businesses to our Group may still give rise to a conflicts of interests situation with our Group's businesses.

Our Board confirms that all dealings (if any) between our Group and the affected companies will be on an arm's length basis, to be transacted on normal commercial terms and not to the detriment of our minority shareholders.

In view of their interests in such affected companies, the affected Directors and substantial shareholders have taken steps to dispose their interest and/or resign from the board of directors of the company, where applicable. If there is any existing or potential related party transaction or recurrent related party transaction with these affected companies, the affected Directors will be required to abstain from deliberations and voting on decisions and resolutions in relation to matters and/or transactions with the affected businesses and corporations (if any). In addition, the affected Directors and substantial shareholders will also be required to ensure that persons connected with them (as defined in the Listing Requirements) will abstain from deliberations and voting on decisions and resolutions in relation to matters and/or transactions with the affected businesses and corporations. At the same time, the Audit Committee will ensure proper disclosure and corporate governance in all business dealings with the affected businesses and corporations.

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8.5 INTERESTS IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP

Save as disclosed below, none of our other Directors or substantial shareholders has any interest, direct or indirect, in any other business and corporation which is a customer or supplier of our Group as at the LPD:

(i) Shahrum Niza Bin Yahya

Name of Company	Relationship	Nature of Business	Position (Director/ Shareholder)
Evo Enterprise	Supplier	Building contractor works, roadworks and landscape	Sole proprietor

(ii) Lim Ann Liang

Name of Company	Relationship	Nature of Business	Position (Director/ Shareholder)	Shareholding	
				Direct (%)	Indirect (%)
All Build Sdn Bhd	Supplier	Trading and supply of building and construction materials	Director and shareholder	-*	-

Note:

* *Negligible.*

In addition to the above, certain Directors and substantial shareholders and persons connected to the Directors and substantial shareholders have also purchased properties from our Group, the details as set out in Section 8.1.1 above.

Ng Kit Heng and Ow Chee Cheoon also intend to dispose of the Stylo Land to AQRS. Upon disposal, the Stylo Land will add to our Group's existing landbanks. Upon completion of the Stylo Land SPA, the Stylo Land will be developed into a proposed commercial development know as "Stylo". Further details on the proposed commercial development known as "Stylo" is set out in Section 4.5.2(iii) of this Prospectus.

Our Directors and substantial shareholders are aware that the interests held by them in other businesses and corporations which are customers or suppliers to our Group may give rise to a situation of conflicts of interests with our businesses.

Our Board confirms that all dealings between our Group and the affected businesses and corporations above will be on an arm's length basis, to be transacted on normal commercial terms and not to the detriment of our minority shareholders.

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In view of their interests in such companies, the interested Directors and substantial shareholders will be required to abstain from deliberations and voting on decisions and resolutions in relation to matters and/or transactions with the affected businesses and corporations. In addition, the interested Directors and substantial shareholders will also be required to ensure that persons connected with them (as defined in the Listing Requirements) will abstain from deliberations and voting on decisions and resolutions in relation to matters and/or transactions with the affected businesses and corporations. At the same time, the Audit Committee will ensure proper disclosure and corporate governance in all business dealings with the affected businesses and corporations.

8.6 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to Paragraph 10.09 of the Listing Requirements, we may seek a shareholders' mandate in respect of related party transactions involving recurrent transactions of a revenue or trading nature and which are necessary for the day-to-day operations of our Group, subject to, *inter-alia,* the following:

(a) the transaction are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;

(b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements; and

(c) in a meeting to obtain shareholders' mandate, the interested Director, interested major shareholder, interested chief executive or interested person connected with a Director, major shareholder or chief executive; and where it involves the interest of an interested person connected with a Director, major shareholder or chief executive, such Director, major shareholder or chief executive must not vote on the resolution to approve the transactions. An interested Director, interested major shareholder or interested chief executive must ensure that persons connected with them abstain from voting on the resolution approving the transactions.

Due to the time-sensitive nature of commercial transactions, the shareholders' mandate will enable us, in our normal course of business, to enter into the recurrent related party transactions provided that, *inter-alia*, such recurrent related party transactions are made at arm's length basis and on normal commercial terms.

Furthermore, our Audit Committee will review any related party transactions and conflicts of interest that may arise within our Group. Our Audit Committee will periodically review the procedures set out by our Group to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms which are not more favourable to the related party than those generally available to third parties dealing at an arm's length basis and are not detrimental to the interest of our minority shareholders. All reviews of our Audit Committee will be reported to our Board for its further action.

An application will be made to Bursa Securities for a waiver to allow our Group to obtain shareholders' ratification for recurrent related party transactions to be entered into between us or any of our subsidiaries with our Directors, major shareholders or chief executives or persons connected with them (as defined in the Listing Requirements) commencing from our Listing date up to the annual general meeting or extraordinary general meeting of our Company, whichever is earlier.

8.7 DECLARATION BY ADVISERS ON CONFLICTS OF INTERESTS

8.7.1 Declaration by AFFIN Investment

AFFIN Bank Berhad ("**ABB**") is one of our principal bankers. As at the LPD, ABB (which is the related company of AFFIN Investment) had extended credit facilities amounting to RM117.27 million to Gabungan Strategik and RM16.47 million to Nusvista. As at the LPD, the amount outstanding to ABB is approximately RM54.05 million.

The above banking facilities are provided by ABB in the ordinary course of business and as such, AFFIN Investment does not consider itself to have an existing or potential conflicts of interest in its capacity to act as the Principal Adviser, Underwriter and Joint Placement Agent to our Group for the IPO. In addition, none of the proceeds from the Public Issue will be utilised to repay borrowings from ABB.

Our Directors are fully informed of and are aware of the above matters and is agreeable to proceed with the present arrangement.

8.7.2 Declaration by Kenanga Investment Bank Berhad

Kenanga Investment Bank Berhad hereby confirms that there is no conflicts of interest with respect of their capacity as Joint Placement Agent to our Group for the IPO.

8.7.3 Declaration by OSK Investment Bank Berhad

OSK Investment Bank Berhad hereby confirms that there is no conflicts of interest with respect of their capacity as Joint Placement Agent to our Group for the IPO.

8.7.4 Declaration by Messrs. Azman Davidson & Co

Messrs. Azman Davidson & Co hereby confirms that there is no conflicts of interest with respect of their capacity as solicitors to our Group for the IPO.

8.7.5 Declaration by Messrs. BDO

Messrs. BDO confirms that there is no conflicts of interests in its capacity as the Auditors and Reporting Accountants to our Group for the IPO.

8.7.6 Declaration by C H Williams Talhar & Wong Sdn Bhd

C H Williams Talhar & Wong Sdn Bhd hereby confirms that there is no conflicts of interest with respect of their capacity as Valuer to our Group for the IPO.

8.7.7 Declaration by VPC Alliance (PJ) Sdn Bhd

VPC Alliance (PJ) Sdn Bhd hereby confirms that there is no conflicts of interest with respect of their capacity as Valuer to our Group for the IPO.

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9. OTHER INFORMATION

9.1 PROPERTIES

9.1.1 Properties Owned by Our Group

As at the LPD, our Group owns the following properties:

Land Title Details/ Location	Land Area (hectares)	Built-up Area (sq. ft.)	Description/ Existing Use	Tenure/ Age of Property	Date of Issuance of Certificate of Fitness for Occupation	Audited NBV as at 31 December 2011 (RM)	Market Value (RM)	Encumbrances	Registered Owner/ Beneficial Owner
Geran 162711/M1/2/4, Lot 70891 in the Mukim and District of Klang, State of Selangor/ 2-1A Jalan Q 31/Q, Kota Kemuning 40460 Seksyen 31, Shah Alam, Selangor Darul Ehsan	Not Applicable[(1)]	1,539	1 unit on the 1st floor of a 4-storey shoplot/ Vacant	Freehold/ Approximately 8 years	02.03.2000	149,421	Not Applicable	-	Gabungan Strategik

9. OTHER INFORMATION *(Cont'd)*

Land Title Details/ Location	Land Area (hectares)	Built-up Area (sq. ft.)	Description/ Existing Use	Tenure/ Age of Property	Date of Issuance of Certificate of Fitness for Occupation	Audited NBV as at 31 December 2011 (RM)	Market Value (RM)	Encumbrances	Registered Owner/ Beneficial Owner
PN 11959/M1-B/15/275, Lot 64210, Mukim Damansara, District of Petaling, State of Selangor/ 4-13A-1 Blok 4, Kondominium Puncak Seri Kelana, Jalan PJU 1A/46, 47200 Petaling Jaya, Selangor Darul Ehsan	Not Applicable[1]	1,013	1 unit on the 14th floor of a 15-storey condominium/ Vacant	Leasehold (99 years expiring on 04.09.2097)/ Approximately 8 years	02.10.2003	169,933	Not Applicable	-	Megah Ikhlas/ Winnie Goh Wai Geok[2]

9. OTHER INFORMATION *(Cont'd)*

Land Title Details/ Location	Land Area (hectares)	Built-up Area (sq. ft.)	Description/ Existing Use	Tenure/ Age of Property	Date of Issuance of Certificate of Fitness for Occupation	Audited NBV as at 31 December 2011 (RM)	Market Value (RM)	Encumbrances	Registered Owner/ Beneficial Owner
H.S.(D) 247091, P.T No. 10900 in the Pekan Baru Sungai Buloh, District of Petaling, State of Selangor/ G-58-G to G-58-2, Block G, Jalan Teknologi 3/9 Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan	Not Applicable(1)	8,425	1 unit of a 3-storey shoplot/ Currently used as AQRS' head office	Leasehold (99 years expiring on 03.09.2107)/ Approximately 4 years	11.03.2008	2,269,120	Not Applicable	Charged to Public Bank Berhad	Motibina

9. OTHER INFORMATION *(Cont'd)*

Notes:

(1) *Not applicable as these properties are located on certain floors of the respective buildings.*

(2) *This property has been disposed to a third party via a sale and purchase agreement dated 8 February 2012. The disposal of this property is now pending the perfection of transfer.*

Our Group believe that we are in compliance in respect to all material regulatory requirements (including the land rules or building regulations) and environmental issues which may materially affect our Group's operations and/or utilisation of assets which include the properties owned by our Group.

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9. OTHER INFORMATION *(Cont'd)*

9.1.2 Material Properties Leased or Tenanted by Our Group

As at the LPD, we tenanted or leased the following material properties:

Tenant	Landlord	Location	Land Area (hectares)	Built-up Area (sq. ft.)	Description/ Existing Use	Duration	Annual Rental (RM)
Gabungan Strategik	All Build Sdn Bhd	No. 8-2, Jalan 11/116B Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur	Not Applicable(1)	1,800	1 unit on the 1st floor of a 4-storey shoplot/ Currently used as storage space	2 years commencing from 15.11.2010 to 14.11.2012 with an option of renewal for 1 year	15,600
Gabungan Strategik	All Build Sdn Bhd	No. 10-2, Jalan 11/116B Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur	Not Applicable(1)	1,800	1 unit on the 1st floor of a 4-storey shoplot/ Currently used as storage space	2 years commencing from 15.11.2010 to 14.11.2012 with an option of renewal for 1 year	15,600
Gabungan Strategik	Billion Rich Technology Sdn Bhd	Lot 33-G, Blok D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	Not Applicable(1)	4,003	1 unit on the ground floor of a 3-storey corner shoplot/ Currently used as head office of Gabungan AQRS Group	3 years commencing from 01.04.2012 to 31.03.2015 with an option of renewal for 1 year	102,000
Megah Ikhlas	Goh Yoke Ruh	Lot 30-G, Blok D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	Not Applicable (1)	1,646	1 unit on the ground floor of a 2 storey shoplot / Currently used as office space by Gabungan AQRS Group	2 years commencing from 01.02.2012 to 31.01.2014 with an option for renewal of 1 year	39,600 (for the first year) 42,000 (for the second year)

9. OTHER INFORMATION *(Cont'd)*

Tenant	Landlord	Location	Land Area (hectares)	Built-up Area (sq. ft.)	Description/ Existing Use	Duration	Annual Rental (RM)
Megah Ikhlas	Lim Hwee Chuan	Lot 63-G, Blok G Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	Not Applicable[(1)]	1,646	1 unit on the ground floor of a 2 storey shoplot / Currently used as office space by Gabungan AQRS Group	2 years commencing from 16.12.2011 to 15.12.2013 with an option of renewal for 1 year	36,000
Motibina	Yeow Soon Yong	No. 49B-1 (Front) Jalan USJ 1/20 47500 Subang Jaya Selangor Darul Ehsan	Not Applicable[(1)]	472	1/2 unit on the 1st floor of double-storey shop/ Currently used as storage space	6 months commencing from 01.05.2012 to 31.10.2012 with an option of renewal for 1 year	3,840
Motibina	Yeo Jin Hui	No.32-G, Blok C Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	Not Applicable[(1)]	3,002	1 unit on the ground floor of a 3-storey corner shoplot/ Currently used as office space by Gabungan AQRS Group	2 years commencing from 01.02.2012 to 31.01.2014 with an option of renewal for 1 year	72,000
Motibina	Lim Wai Hin and Lisa Liang Mun Sum	No.H-73-G & H-73-1, Block H Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	Not Applicable[(1)]	3,292	1 unit on the ground & 1st floor of a 2-storey shoplot/ Currently used as office space by Gabungan AQRS Group	2 years commencing from 01.05.2012 to 30.04.2014 with an option of renewal for 1 year	54,000

9. OTHER INFORMATION *(Cont'd)*

Tenant	Landlord	Location	Land Area (hectares)	Built-up Area (sq. ft.)	Description/ Existing Use	Duration	Annual Rental (RM)
AQRS	Mohd Dise Bin Mohd Som	G-59-2, Block G Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	Not Applicable[(1)]	1,646	1 unit on the 2nd floor of a 3-storey shoplot/ Currently vacant and intended to be used as office for AQRS	2 years commencing from 01.09.2010 to 31.08.2012 with an option of renewal for 2 years	15,600

Note:

(1) *Not applicable as the respective companies are tenants only on certain floors of the respective buildings.*

Our Group believes that we are in compliance in respect to all material regulatory requirements (including the land rules or building regulations) and environmental issues which may materially affect our Group's operations and/or utilisation of assets which include the material properties tenanted or leased by our Group.

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9. OTHER INFORMATION *(Cont'd)*

9.1.3 Properties Held for Development

The properties which are held for development activities by our Group are as follows:

Location	Land Area (hectares)	Built-up Area (sq. ft.)	Description/ Existing Use	Tenure/Age of Property	Audited NBV as at 31 December 2011* (RM)	Market Value as at 31 March 2012 (RM)	Encumbrances	Registered Owner/ Beneficial Owner
H.S.(D) 256293 Lot No. PT 47369, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan	1.1	-	On-going development land/On-going commercial development of 2 blocks of office comprising 11 and 22 floors respectively and 1 block of 3-storey commercial building with 8-storey basement carpark in Damansara Perdana, Petaling Jaya, Selangor Darul Ehsan known as "The Altium"	99 years leasehold tenure expiring on 13.05.2108	49,535,674	50,000,000[(1)]	Charged to AFFIN Bank Berhad	Nusvista
GRN 54243 Lot 3413 & H.S.(D) 55933 Lot 6154 Mukim 6, District of Seberang Perai Tengah, Pulau Pinang[(2)]	6.4	-	Vacant land/ 2 contiguous parcels of development land fronting north-eastern side of the North-South Expressway at the Juru rest and restaurant area (South-bound), Pulau Pinang	Freehold	30,848,228	33,650,000[(1)]	Charged to United Overseas Bank (Malaysia) Berhad	Grand Meridian

9. OTHER INFORMATION *(Cont'd)*

Location	Land Area (hectares)	Built-up Area (sq. ft.)	Description/ Existing Use	Tenure/Age of Property	Audited NBV as at 31 December 2011* (RM)	Market Value as at 31 March 2012 (RM)	Encumbrances	Registered Owner/ Beneficial Owner
GM 556, Lot No. 504 Mukim of Ulu Kelang District of Gombak Selangor Darul Ehsan[(3)]	3.1	-	On-going development land/ On-going residential development project comprising 41 units of "Courtyard Villas Gated Community" with a clubhouse, a TNB substation and a security booth in Ulu Kelang, Gombak, Selangor Darul Ehsan known as "Contours"	Freehold	28,525,958	40,000,000[(1)]	Charged twice to United Overseas Bank (Malaysia) Berhad	AQRS
H.S.(D) 484873 to 484880, Lot No. PTD 202777 to PTD 202784 (inclusive), Mukim of Plentong, District of Johor Bahru, Johor Darul Takzim	2.4	-	Vacant commercial land/ Proposed commercial development in Permas Jaya, Johor Bahru, Johor Darul Takzim	99 years leasehold tenure expiring on 17.08.2109	4,940,560	11,000,000[(1)]	-	Crystal Aspect

9. OTHER INFORMATION *(Cont'd)*

Notes:

* *Including development costs.*

(1) *The valuation surplus arising from the valuation conducted, had not been incorporated into our audited financial statements for FYE 2011.*

(2) *The express condition stated on the land title is "Commercial - Car showroom". The Pejabat Daerah dan Tanah Seberang Perai has approved the conversion of the express condition to "Commercial". The approval is subject to a premium to be paid to the Pejabat Daerah dan Tanah Seberang Perai. The last instalment has been fully paid in January 2011. As the land is charged to United Overseas Bank (Malaysia) Berhad (**"UOB"**), the original land title has been extracted from UOB by the company's lawyer and has been forwarded to Pejabat Daerah dan Tanah Seberang Perai for the change in the category of land use to "Commercial".*

(3) *The category of land use as stipulated on the land title is "Agriculture". The Pejabat Daerah dan Tanah Gombak has approved the conversion of the category of land use to "Residential" subject to a conversion premium to be paid to the Pejabat Daerah dan Tanah Gombak in five instalments from 28.06.2010 to 28.12.2011. All conversion premiums have been paid.*

Our Group believes that we are in compliance in respect to all material regulatory requirements (including the land rules or building regulations) and environmental issues which may materially affect our Group's operations and/or utilisation of assets which include the properties held for development activities by our Group.

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9. OTHER INFORMATION *(Cont'd)*

9.2 MATERIAL PLANT AND EQUIPMENT

As at the LPD, there is no material plant and equipment held by our Group.

9.3 MATERIAL CAPITAL EXPENDITURES AND DIVESTITURES

Save as disclosed below, we did not incur any other material capital expenditures and divestitures (including interests in other corporations) for the past 3 FYEs 2009 to 2011 and up to the LPD:

	Transaction Value			
	FYE			1 January 2012 up to the LPD
Description	**2009 (RM'000)**	**2010 (RM'000)**	**2011 (RM'000)**	**(RM'000)**
Capital Expenditures - Purchase of property, plant and equipment and investment properties	3,880	645	2,928	220
Divestitures - Disposal of property, plant and equipment	186	734	202	367

As at the LPD, there is no material capital expenditures and divestitures currently in progress including the distribution of these investments geographically (home and abroad).

9.4 MATERIAL PLANS TO CONSTRUCT, EXPAND OR IMPROVE FACILITIES

As at the LPD, we have no immediate material plans to construct, expand or improve our existing facilities, save as disclosed in Section 2.8 of this Prospectus.

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10. FINANCIAL INFORMATION

10.1 HISTORICAL FINANCIAL INFORMATION

Our proforma consolidated financial information have been properly compiled on the basis consistent with the accounting policies adopted by our Group which are set out in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 10.5 of this Prospectus. Our proforma consolidated financial information for the FYEs 2009 to 2011 were also prepared based on the audited financial statements of our subsidiaries for the FYEs 2009 to 2011 with non-coterminous accounting periods and different length of financial periods, which is in accordance with the Malaysian Institute of Accountants' position as published in its Circular 41/2010 (non-coterminous accounting periods). The financial statements used in the preparation of our proforma consolidated financial information were prepared in accordance with approved accounting standards in Malaysia. The adjustments, which were dealt with when preparing our proforma consolidated financial information, have been highlighted and disclosed in the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Section 10.5 of this Prospectus.

The audited financial statements of the companies within our Group for the financial years under review were not subject to any audit qualification.

10.1.1 Proforma Consolidated Statements of Comprehensive Income

The table below sets out our proforma consolidated statements of comprehensive income for the past 3 FYEs 2009 to 2011. The proforma consolidated statements of comprehensive income have been prepared for illustrative purposes only, after incorporating the necessary adjustments and based on the assumption that our Group's current structure had been in existence throughout the financial years under review.

You should read the summary of our proforma consolidated statements of comprehensive income which has been presented below, together with the management's discussion and analysis of financial conditions and results of operations and the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Sections 10.2 and 10.5 of this Prospectus, respectively.

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	<------FYE------>		
	<------Proforma------>		
	2009 RM'000	2010 RM'000	2011 RM'000
Revenue	248,404	299,519	372,446
Cost of sales	(191,169)	(214,247)	(273,313)
Gross profit	57,235	85,272	99,133
Other income	1,631	1,777	2,243
Operating costs	(10,982)	(19,473)	(26,061)
Finance costs	(177)	(1,110)	(3,722)
PBT	47,707	66,466	71,593
Tax expense	(12,914)	(17,526)	(21,899)
Profit for the financial years/period	**34,793**	**48,940**	**49,694**
Attributable to:			
Owners of the parent	34,793	48,940	48,235
Non-controlling interest	-	-	1,459
	34,793	**48,940**	**49,694**
Number of ordinary shares in issue ('000)[1]	293,520	293,520	293,520
Gross profit margin (%)	23.04	28.47	26.62
PBT margin (%)	19.21	22.19	19.22
Effective tax rate (%)	27.07	26.37[5]	30.59
EBITDA	47,795	67,661	75,192
Gross EPS (RM)[2]	0.16	0.23	0.24
Net EPS (RM)[3]	0.12	0.17	0.17
Fully diluted net EPS (RM)[4]	0.10	0.14	0.14

Notes:

[1] *Based on the issued and paid-up share capital of 293,520,000 Shares after the Dividend Payment and Acquisitions by Gabungan AQRS.*

[2] *The gross EPS is computed by dividing the PBT for the financial years/period by the number of ordinary shares assumed in issue of 293,520,000 Shares.*

[3] *The net EPS is computed by dividing the profit for the financial years/period by the number of ordinary shares assumed in issue of 293,520,000 Shares.*

[4] *The fully diluted net EPS is computed by dividing the profit for the financial years/period by the number of ordinary shares after the Public Issue of 355,520,000 Shares.*

(5) *Pursuant to the tax investigation by the Inland Revenue Board which is further detailed in Section 10.2.1(vii) of this Prospectus, Motibina is required to pay additional taxes amounting to RM807,000 in respect of the Years of Assessment 2004 to 2009. However, Motibina has only provided an additional amount of RM410,000 as tax provision in its financial statements for the FYE 2010 as the balance of RM397,000 has been settled by the Directors of Motibina in their personal capacity on behalf of Motibina. Therefore, the effective tax rate of 26.37% reflects the lower amount of tax actually paid by Motibina in FYE 2010 in view of the settlement of the additional tax liability of Motibina amounting to RM397,000 by the Directors of Motibina. Had Motibina settled the entire amount of the additional tax payable of RM807,000, the effective tax rate of our Group would be 26.97%.*

There were no share of profits or losses of associates and joint venture for the financial years/period under review.

There were no exceptional or extraordinary items for the financial years/period under review.

10.1.2 Proforma Consolidated Statements of Financial Position

Our Group was formally formed on 8 August 2011, being the date of completion of the Acquisitions by Gabungan AQRS and Acquisitions by AQRS. Accordingly, the first audited consolidated results of our Group is for the financial period commencing 8 August 2011 to 31 December 2011.

We set out below our proforma consolidated statements of financial position as at 31 December 2011 which have been prepared for illustrative purpose only based on the audited consolidated statement of financial position of our Group as at 31 December 2011 and incorporating the effects of the Listing Exercise assuming the Listing Exercise had been completed on 31 December 2011.

We advise you to read the proforma consolidated statements of financial position presented below together with the management's discussion and analysis of financial condition and results of operations and the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out in Sections 10.2 and 10.5 of this Prospectus, respectively.

		Proforma I	**Proforma II**
	Audited as at 31 December 2011 RM'000	**After completion of the IPO RM'000**	**After Proforma I and the utilisation of proceeds RM'000**
ASSETS			
Non-current assets			
Property, plant and equipment	8,485	8,485	20,485
Land held for development	31,582	31,582	56,582
Investments	2	2	2
	40,069	40,069	77,069

10. FINANCIAL INFORMATION *(Cont'd)*

	Audited as at 31 December 2011 RM'000	Proforma I After completion of the IPO RM'000	Proforma II After Proforma I and the utilisation of proceeds RM'000
Current assets			
Property development costs	113,215	113,215	113,215
Trade and other receivables	204,225	204,225	204,225
Cash and cash equivalents	50,955	124,115	81,415
	368,395	441,555	398,855
TOTAL ASSETS	**408,464**	**481,624**	**475,924**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	73,380	88,880	88,880
Share premium	-	57,660	55,885
Retained earnings	48,877	48,877	44,952
	122,257	195,417	189,717
Non-controlling interest	1,452	1,452	1,452
TOTAL EQUITY	**123,709**	**196,869**	**191,169**
Non-Current Liabilities			
Borrowings	28,999	28,999	28,999
Deferred tax liabilities	2,241	2,241	2,241
	31,240	31,240	31,240
Current Liabilities			
Trade and other payables	197,782	197,782	197,782
Borrowings	38,749	38,749	38,749
Current tax liabilities	16,984	16,984	16,984
	253,515	253,515	253,515
TOTAL LIABILITIES	**284,755**	**284,755**	**284,755**
TOTAL EQUITY AND LIABILITIES	**408,464**	**481,624**	**475,924**
NA	122,257	195,417	189,717
Number of ordinary shares assumed in issue ('000)	293,520	355,520	355,520

	Audited as at 31 December 2011 RM'000	Proforma I After completion of the IPO RM'000	Proforma II After Proforma I and the utilisation of proceeds RM'000
NA attributable to equity holders per ordinary share (RM)	0.42	0.55	0.53

10.1.3 Proforma Consolidated Statement of Cash Flows

We set out below our proforma consolidated statement of cash flows for the FYE 2011 which has been prepared for illustrative purpose only and after making such adjustments as considered necessary assuming that our Group had been in existence throughout the FYE 2011 and assuming that the Listing Exercise had been completed on 31 December 2011.

We advise you to read the proforma consolidated statement of cash flows presented below together with the management's discussion and analysis of financial condition and results of operations and the Reporting Accountants' Letter on Proforma Consolidated Financial Information as set out set out in Sections 10.2 and 10.5 of this Prospectus, respectively.

	Proforma FYE 2011 (before Public Issue and utilisation of proceeds) RM'000	Public Issue and utilisation of proceeds RM '000	Proforma FYE 2011 (after Public Issue and utilisation of proceeds) RM '000
CASH FLOWS FROM OPERATING ACTIVITIES			
PBT	71,593		71,593
Adjustments for:			
Depreciation of property, plant and equipment	1,480		1,480
Impairment loss on goodwill	1		1
Impairment loss on other investments	3		3
Interest expense	3,855		3,855
Interest income	(1,577)		(1,577)
Gain on disposal of property, plant and equipment	(147)		(147)
Property, plant and equipment written off	2		2
Operating profit before working capital changes	75,210		75,210

	Proforma FYE 2011 (before Public Issue and utilisation of proceeds) RM'000	Public Issue and utilisation of proceeds RM '000	Proforma FYE 2011 (after Public Issue and utilisation of proceeds) RM '000
Changes in working capital:			
Property development costs	(24,211)		(24,211)
Land held for development*	-	(25,000)	(25,000)
Trade and other receivables	(123,625)		(123,625)
Trade and other payables	39,166		39,166
Cash used in operations	(33,460)		(58,460)
Interest paid	(3,732)		(3,732)
Interest received	1,577		1,577
Tax paid	(21,829)		(21,829)
Tax refunded	707		707
Net cash used in operating activities	**(56,737)**		**(81,737)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(935)		(935)
Purchase of new corporate headquarters	-	(12,000)	(12,000)
Proceeds from disposals of property, plant and equipment	201		201
Net cash used in investing activities	**(734)**		**(12,734)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Public Issue	-	73,160	73,160
Payment of estimated listing expenses	-	(5,700)	(5,700)
Withdrawal of fixed deposits pledged	41,137		41,137
Repayments to hire-purchase creditors	(384)		(384)
Net drawdown of bridging loan	6,749		6,749
Repayments of term loans	(10,503)		(10,503)
Interest paid	(123)		(123)
Net cash from financing activities	**36,876**		**104,336**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(20,595)**	**30,460**	**9,865**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	**28,204**		**28,204**
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**7,609**		**38,069**

Notes:

* *RM9,588,000 of the RM25,000,000 intended for the acquisition of land bank will be utilised to purchase the Stylo Land and the balance of RM15,412,000 will be utilised to acquire other land banks to be identified by our Group.*

10.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis by our Board and management should be read in conjunction with the Reporting Accountants' Letter on the Proforma Consolidated Financial Information and Accountants' Report set out in Section 10.5 and Section 11 of this Prospectus and the related notes for the past 3 FYEs 2009 to 2011.

This management's discussion and analysis contains data derived from our audited financial statements, which may not be reflective of future results, and forward-looking statements that involve risks and uncertainties. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 3 of this Prospectus.

Our proforma consolidated financial information have been prepared on the basis that our Group has been in existence throughout the financial years under review.

10.2.1 Overview

Our Group is principally involved in construction and property development. Please refer to Section 4 of this Prospectus for details of our Group.

(i) Revenue

Our revenue is principally derived from two main business segments, namely construction and property development in Malaysia.

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 will flow to our 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 our Group's activities as follows:

(a) Construction contracts

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

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

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

(b) 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 reporting date. 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.

(c) Completed properties held for sale

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

The segmental analysis of our Group's proforma revenue by companies and business segments for the past 3 FYEs 2009 to 2011 are set out in Section 10.2.2 of this Prospectus.

Our business is subject to the cyclical nature of the construction and property development industries in Malaysia, which is generally affected by the supply and demand conditions for properties, market pricing trends, standard of living, level of disposable income and demographic conditions as well as the general economic, political and regulatory developments.

Please refer to Section 10.2.4 of this Prospectus for the significant factors materially affecting our Group's revenue and profits. Please also refer to Section 3 of this Prospectus for the risk factors that may affect our revenue and financial information.

(ii) Cost of sales

Our cost of sales mainly comprise sub-contracting costs and purchase of materials:

(a) For FYEs 2009 to 2011, sub-contracting costs represented 78.35% to 90.08% of our Construction Division's proforma cost of sales; and

(b) In FYEs 2009 to 2011, material costs represented 7.31% to 16.92% of our Construction Division's proforma cost of sales.

We engage various sub-contractors for some of our projects. Having been in the industry for more than 10 years, we have identified a list of preferred contractors to invite for tenders. We also accept recommendations from our consultants. We select our preferred sub-contractors based on factors such as past track record, past project work, financial strength, experience of personnel, workmanship, efficiency, reliability, staff capacity and pricing.

The time taken for various stages of construction work such as the earthwork, piling, structural and architectural works is critical in determining the completion of projects which affects our revenue recognition. Timely completion of each of the stages is essential to ensure the completion of projects according to the schedule and consequently, the revenue generation for each project.

Included in cost of sales are, amongst others, labour costs, developer license fees, professional fees including architectural, civil and structural fees, surveyor fees, legal fees, valuation fees and payment to the authorities for purposes such as development and building plan approvals.

The main factors that affect our cost of sales include amongst others, the fluctuation on the prices of raw materials, our ability to source raw materials at competitive prices, our ability to control sub-contractor's performance and our ability to ensure timely performance of our obligations.

Please refer to Section 10.2.4 of this Prospectus for the significant factors materially affecting our Group's revenue and profits. Please also refer to Section 3 of this Prospectus for the risk factors that may affect our revenue and financial information.

(iii) Gross Profit and Gross Profit Margin

Our Group's gross profit is derived from our total revenue less cost of sales. Our Group's proforma gross profit has increased from 23.04% for FYE 2009 to 26.62% for FYE 2011.

(iv) Other Income

Our other income mainly consist of interest income from fixed deposits with financial institutions and rental income derived from properties owned by our Group. Interest income is recognised as it accrues, using the effective interest method whilst rental income is recognised on an accrual basis.

(v) **Operating Expenses**

Our operating expenses comprise mainly salary and staff related expenses including bonuses, allowances and overtime and director's remuneration, and other overhead operating expenses such as depreciation, professional fees and rental expenses.

The main factors that affect our operating expenses, include amongst others, our level of operations, staff strength, prevailing wage rates, rental rates and our ability to manage our business operations and control our operating expenses.

(vi) **Finance Costs**

Finance costs are mainly interest charged for bank borrowings, which consist of bank overdrafts, term loans and hire purchases utilised by our Group.

(vii) **Taxation**

Income tax expenses comprise the current year provision for taxation, under or overprovision of taxation in previous year, deferred tax and withholding tax. Our effective tax rates and the statutory tax rates applicable to us for the FYEs 2009 to 2011 are as follows:

	FYE		
	2009	**2010**	**2011**
Statutory Tax Rate (%)	25.00	25.00	25.00
Effective Tax Rate* (%)	27.07	26.37	30.59

Note:
* *Based on the proforma consolidated statement of comprehensive income of our Group for the FYEs 2009 to 2011.*

Our effective tax rates (based on the proforma consolidated statement of comprehensive income of our Group for the FYEs 2009 to 2011) were higher than the statutory tax rates for FYEs 2009 to 2011 mainly due to expenses not deductible for tax purposes which include legal fees, stamp duty and certain bank charges incurred for banking facilities. In addition, our effective tax rate (based on the proforma consolidated statement of comprehensive income of our Group for the FYEs 2009 to 2011) was higher than the statutory tax rate for FYE 2011 mainly due to an under provision of tax by Gabungan Strategik in FYE 2010 and tax penalties imposed by the Inland Revenue Board ("**IRB**") on Gabungan Strategik and Megah Ikhlas in respect of underestimation of tax. In addition, there was a tax penalty on Megah Ikhlas for an over-deduction on the available Section 108 credit in respect of dividend which was paid during FYE 2010.

Pursuant to the tax investigation by the IRB on Motibina and AQRS which was part of a normal tax field audit for the Years of Assessment ("**YA**") 2004 to 2009, Motibina has provided an amount of RM410,000 as tax provision in its financial statements for the FYE 2010 ("**Tax Provision**"). The Directors of Motibina also had, on 1 March 2011, undertaken to settle or cause to be settled any additional tax payable to the IRB in excess of the Tax Provision in their personal capacity as directors of the company ("**Letter of Undertaking**"). As of to-date, Motibina has reached an agreement with the IRB whereby the IRB will raise an additional assessment amounting to a total of RM807,000 (inclusive of tax penalties) for Motibina. Therefore, pursuant to the Letter of Undertaking, the Directors of Motibina has agreed to settle the remaining balance of RM397,000 payable to the IRB. The aforesaid remaining balance has been set-off by Motibina with the amount owing to the Directors. The amount of RM407,000 has been paid to the IRB on 1 April 2011 and a cheque dated 15 April 2011 for the balance of RM400,000 has been submitted to the IRB. The agreement pursuant to Section 96A(1) of the Income Tax Act, 1967 between The Director General of Inland Revenue and Motibina has been executed by The Director General of Inland Revenue on 12 August 2011.

AQRS had, vide its tax agent, submitted a letter dated 18 January 2011 to the Investigation Department of the IRB stating that it agrees to settle the additional tax liabilities and penalties amounting to RM128,160. As at the LPD, AQRS has fully settled the additional tax liabilities and penalties amounting to RM128,160 to the IRB and the agreement pursuant to Section 96A(1) of the Income Tax Act, 1967 between The Director General of Inland Revenue and AQRS has been executed by The Director General of Inland Revenue on 22 June 2011.

Pursuant to the Letter of Undertaking, the effective tax rate of our Group for the FYE 2010 is lower at 26.37%. Had Motibina settled the entire amount of the additional tax payable of RM807,000, the effective tax rate of our Group would be 26.97%.

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10.2.2 Segmental Analysis of our Group's Historical Financial Performance

Revenue

(i) Revenue by Companies

Our proforma revenue by companies for the past 3 FYEs 2009 to 2011 is as follows:

	FYE					
	2009		2010		2011	
Company	RM'000	%	RM'000	%	RM'000	%
Gabungan Strategik	176,115	68.26	231,705	71.60	161,246	39.57
Megah Ikhlas	52,009	20.16	45,173	13.96	15,689	3.85
Motibina	29,869	11.58	32,787	10.13	139,398	34.21
AQRS	-	-	13,962	4.31	76,135	18.68
Prestige Field	-	-	-	-	14,768	3.62
Nusvista	-	-	-	-	275	0.07
	257,993	**100.00**	**323,627**	**100.00**	**407,511**	**100.00**
Less: Consolidation adjustment*	9,589		24,108		35,065	
Total	**248,404**		**299,519**		**372,446**	

Note:

* *The consolidation adjustments are in relation to intra-group transactions.*

Commentaries:

Gabungan Strategik

Gabungan Strategik recorded an increase in revenue of 31.56% from RM176.12 million in FYE 2009 to RM231.71 million in FYE 2010 mainly contributed by projects such as the construction of proposed enhancement works along Lebuhraya Damansara Puchong (LDP) (Package A) – Puchong Intan Southbound, Puchong Perdana Interchange to Kg. Bharu and Puchong Perdana Interchange Southbound in Selangor Darul Ehsan and the construction of *Kompleks Pejabat dan Perumahan* for JPJ in Alor Star, Kedah Darul Aman. However, Gabungan Strategik recorded a decrease in revenue of 30.41% from RM231.71 million in FYE 2010 to RM161.25 million in FYE 2011 as a result of on-going projects which were nearing completion in the current financial year, resulting in lower revenue contribution such as the construction of *Kompleks Pejabat dan Perumahan* for JPJ in Alor Star, Kedah Darul Aman and the construction of the *Institut Kemahiran Belia Negara*, Kuala Langat, Selangor Darul Ehsan, where it carried out most of the construction works and proposed enhancement works along Lebuhraya Damansara Puchong (LDP) (Package A) – Puchong Intan Southbound, Puchong Perdana Interchange to Kg. Bharu and Puchong Perdana Interchange Southbound in Selangor Darul Ehsan. Further, new projects such as Rebuilding Police Training Centre (PULAPOL) in Ayer Hitam, Jempol, Negeri Sembilan Darul Khusus and construction of proposed enhancement works along Lebuhraya Damansara-Puchong (Package C1) – Petaling Jaya Toll Plaza – Bandar Puchong Jaya, Selangor Darul Ehsan only commenced during the last quarter of FYE 2011.

Megah Ikhlas

Megah Ikhlas recorded a decrease in revenue of 13.15% from RM52.01 million in FYE 2009 to RM45.17 million in FYE 2010 mainly due to a number of on-going construction projects with less billings as they were near completion. Megah Ikhlas recorded a further decrease in revenue for FYE 2011 of 65.26% to RM15.69 million as compared to RM45.17 million in FYE 2010 mainly as a result of the completion of a majority of the on-going projects in FYE 2010. Furthermore, revenue generated in FYE 2011 were mainly from civil works for upgrading of Institut Pendidikan Guru Gaya, Kota Kinabalu, Sabah and physical works (mechanical and electrical works and piping works) for the Padi commercialisation project in Kota Belud, Sabah which commenced at the end of the first quarter of FYE 2011 and at the end of the third quarter of FYE 2010, respectively.

Motibina

Revenue for Motibina increased by 9.78% from RM29.87 million in FYE 2009 to RM32.79 million in FYE 2010 mainly due to more construction projects secured and completed in FYE 2010 which consist of the construction of a 10-storey office building, 1 parking podium, 1 cafeteria, 1 mechanical and engineering building and infrastructure works in Universiti Malaya, Lembah Pantai, Kuala Lumpur and the construction of earthworks – roadside drainage works for *Taman Sains Selangor 2*, Dengkil, Sepang, Selangor Darul Ehsan. Revenue for FYE 2011 increased rapidly by 325.13% from RM32.79 million in FYE 2010 to RM139.40 million in FYE 2011 due mainly to the contribution from projects such as the construction of a 10-storey office building, 1 parking podium, 1 cafeteria, 1 mechanical and engineering building and infrastructure works in Universiti Malaya, Lembah Pantai, Kuala Lumpur and new projects such as construction of our Group's residential project, namely, "Contours" and the construction of proposed enhancement works along Lebuhraya Damansara-Puchong (Package B) in Selangor Darul Ehsan which was procured during FYE 2010 but construction works only commenced in FYE 2011. The construction of proposed enhancement works along Lebuhraya Damansara-Puchong (Package B) in Selangor Darul Ehsan alone contributed more than 50% of the revenue for FYE 2011.

Furthermore, Motibina contributed 37.43% to our Group's total proforma revenue (before eliminating intra-group transactions) for FYE 2011 because its financial period for FYE 2011 covers a period of 17 months which commences from 1 August 2010 to 31 December 2011, whereas Gabungan Strategik, Megah Ikhlas and AQRS' FYE 2011 covers a period of 12 months only i.e. from 1 January 2011 to 31 December 2011. This is due to the fact that Motibina's last audited financial statements prior to FYE 2011 was for the financial year ended 31 July 2010 whereas Gabungan Strategik, Megah Ikhlas and AQRS' last audited financial statements prior to FYE 2011 was for the financial year ended 31 December 2010.

AQRS

There was no revenue recognised for FYE 2009 as there were no new property development projects launched.

AQRS recorded a revenue of RM13.96 million in FYE 2010 which was derived from the sales of units from the residential projects known as "Contours" and "Gombak Grove" which were launched in July 2010 and December 2010 respectively.

AQRS recorded an increase in revenue of 445.42% from RM13.96 million in FYE 2010 to RM76.14 million in FYE 2011 mainly due to the sale of additional units of the Contours and Gombak Grove projects.

Prestige Field

Prestige Field recorded a revenue of RM14.77 million in FYE 2011, which was derived from the sale of units from a new commercial development project known as "The Avenue @ Kinrara Uptown", launched in July 2011.

Nusvista

Nusvista recorded a revenue of RM0.27 million in FYE 2011, which was derived from the sale of units from a new commercial development project known as "The Altium", launched in September 2011.

Nusvista entered into a development agreement with AQRS and is entitled to a 50% share of PBT from the development of "The Altium".

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10. FINANCIAL INFORMATION *(Cont'd)*

(ii) Revenue by Business Segments

Our Group's proforma revenue by business segments for the past 3 FYEs 2009 to 2011 is as follows:

	FYE					
	2009		2010		2011	
Activity	RM'000	%	RM'000	%	RM'000	%
Construction	257,993	100.00	309,665	95.69	316,333	77.63
Property development	-	-	13,962	4.31	91,178	22.37
	257,993	**100.00**	**323,627**	**100.00**	**407,511**	**100.00**
Less: Consolidation adjustment*	9,589		24,108		35,065	
Total	**248,404**		**299,519**		**372,446**	

Note:

* *The consolidation adjustments are in relation to intra-group transactions.*

The commentaries on proforma revenue is set out in (i) above, whereby the construction activity of our Group is represented by Gabungan Strategik, Megah Ikhlas and Motibina and the property development activity of our Group is represented by AQRS, Prestige Field and Nusvista.

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10. FINANCIAL INFORMATION *(Cont'd)*

(iii) Revenue from Government and GLCs versus Private Entities

Our Group's proforma revenue by Government and GLCs versus Private Entities for the past 3 FYEs 2009 to 2011 is as follows:

	FYE					
	2009		2010		2011	
Revenue	RM'000	%^	RM'000	%^	RM'000	%^
Government and GLCs (A)	**120,782**	**48.62**	**84,758**	**28.30**	**50,200**	**13.48**
Private Entities	137,211		238,869		357,311	
Less: Consolidation adjustment*	9,589		24,108		35,065	
Net revenue from Private Entities (B)	**127,622**	51.38	**214,761**	71.70	**322,246**	86.52
Total (A) + (B)	**248,404**	**100.00**	**299,519**	**100.00**	**372,446**	**100.00**

Notes:

* *The consolidation adjustments are in relation to intra-group transactions which relates to Private Entities.*
^ *Calculated based on the total revenue after the consolidation adjustment.*

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Commentaries:

Government and GLCs

The proforma revenue from Government and GLCs decreased by 29.82% in FYE 2010 from RM120.78 million in FYE 2009 to RM84.76 million in FYE 2010. Proforma revenue from Government and GLCs further decreased by 40.77% from RM84.76 million in FYE 2010 to RM50.20 million in FYE 2011.

Proforma revenue from Government and GLCs decreased in FYE 2010 mainly because the design and construction of 43 additional school blocks using the IBS construction method in Selangor Darul Ehsan and Kuala Lumpur and the upgrade of Seremban-Senawang federal road in Senawang, Negeri Sembilan Darul Khusus projects were nearing completion and hence, resulted in lower proforma revenue contributions. This is mainly due to the fact that the aforementioned projects had high contract values of RM150.00 million and RM110.00 million, respectively and hence, have been contributing significantly towards the proforma revenue contribution from Government and GLCs in previous years. The new projects which commenced in FYE 2009 had lower contract values and hence, could not offset the decrease in proforma revenue contribution from the design and construction of 43 additional school blocks using the IBS construction method in Selangor Darul Ehsan and Kuala Lumpur and the upgrade of Seremban-Senawang federal road in Senawang, Negeri Sembilan Darul Khusus projects. At the same time, our Group also procured a higher number of projects from Private Entities which resulted in the further decrease in proforma revenue contribution from Government and GLCs in FYE 2011. The decrease in proforma revenue contribution from Government and GLCs is in line with our Group's strategy in reducing our dependency on Government and GLC contracts.

Private Entities

The net proforma revenue from Private Entities (after consolidation adjustments) increased by 68.28% in FYE 2010 from RM127.62 million in FYE 2009 to RM214.76 million in FYE 2010. Net proforma revenue from Private Entities (after consolidation adjustments) increased by 50.05% in FYE 2011 from RM214.76 million in FYE 2010 to RM322.25 million in FYE 2011.

The net proforma revenue contribution from Private Entities (after consolidation adjustments) has been on an upward trend from FYE 2009 to FYE 2011 mainly due to the increase in the number of projects secured from Private Entities and the progress of work on-site carried out during the respective FYEs under review.

(iv) Revenue by Geographical Market

Our Group's revenue for the financial years under review were all derived in Malaysia.

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Gross Profit and Gross Profit Margin

(i) Gross Profit by Companies

Our proforma gross profit/(loss) and gross profit margin by companies for the past 3 FYEs 2009 to 2011 are as follows:

Company	FYE					
	2009		2010		2011	
	RM'000	%	RM'000	%	RM'000	%
<u>Gross profit/(loss)</u>						
Gabungan Strategik	30,214	52.79	40,323	47.29	38,171	38.50
Megah Ikhlas	23,435	40.94	30,316	35.55	6,022	6.07
Motibina	3,758	6.57	10,340	12.13	24,368	24.58
AQRS	(172)	(0.30)	4,293	5.03	25,345	25.57
Prestige Field	-	-	-	-	5,273	5.32
Nusvista	-	-	-	-	(46)	(0.04)
Total	**57,235**	**100.00**	**85,272**	**100.00**	**99,133**	**100.00**
<u>Gross profit margin</u> (after consolidation adjustment)						
Gabungan Strategik (%)		17.16		17.40		24.23
Megah Ikhlas (%)		45.07		67.11		38.35
Motibina (%)		12.58		31.54		25.01
AQRS (%)		Not applicable		30.75		33.29
Prestige Field (%)		-		-		35.71
Nusvista (%)		-		-		Not applicable
Overall gross profit margin (after consolidation adjustment) (%)		**23.04**		**28.47**		**26.62**

Commentaries:

Gabungan Strategik

The gross profit for Gabungan Strategik increased by 33.47% from RM30.21 million in FYE 2009 to RM40.32 million in FYE 2010. This was mainly due to the increase in revenue for the FYE 2010 as explained in Section 10.2.2 (i) above.

The gross profit margin for Gabungan Strategik of 17.16%, 17.40% and 24.23% for the FYEs 2009, 2010 and 2011 respectively, has been fluctuating due to the different gross profit margins contributed by different projects with various sizes, for example the project for construction, equipping, commissioning and maintenance of Psychiatric Hospital Permai in Tampoi, Johor Darul Takzim and the project for design and construction of 43 additional school blocks using the IBS construction method in Selangor Darul Ehsan and Kuala Lumpur with gross profit margins ranging from 6% to 26%. However, gross profit of Gabungan Strategik decreased by 5.33% from RM40.32 million in FYE 2010 to RM38.17 million in FYE 2011 mainly due to the majority of on-going projects were either nearing completion or has only commenced in the last quarter of the FYE 2011.

Megah Ikhlas

The gross profit for Megah Ikhlas increased from RM23.44 million in FYE 2009 to RM30.32 million in FYE 2010, representing an increase of 29.35%, due to gross profit contributions from existing projects which are in line with the increase in revenue namely, the upgrading of the Seremban-Senawang federal road in Senawang, Negeri Sembilan Darul Khusus, construction of *Kompleks Pejabat dan Perumahan for JPJ* in Alor Star, Kedah Darul Aman and the construction of *Institut Kemahiran Belia Negara*, Kuala Langat, Selangor Darul Ehsan. The gross profit for Megah Ikhlas decreased from RM30.32 million in FYE 2010 to RM6.02 million in FYE 2011, representing a decrease of 80.15%, mainly due to the majority of projects on hand had been completed in FYE 2010 and new projects such as civil works for upgrading of Institute Pendidikan Guru Gaya, Kota Kinabalu, Sabah and physical works (mechanical and electrical works and piping works) for the Padi commercialisation project in Kota Belud, Sabah which commenced at the end of the first quarter of FYE 2011 and at the end of the third quarter of FYE 2010, respectively.

The gross profit margin for Megah Ikhlas is generally higher than the other subsidiaries even though they may be operating in similar nature of business. This is because the high margin enjoyed by Megah Ikhlas was due to the nature of its contruction projects which involves infrastructure works as compared to Gabungan Strategik's construction projects which mainly involves building works and Motibina's construction projects which mainly involves a combination of building works and infrastructure works. Some examples of the type of construction works carried out by Megah Ikhlas are general earthwork, drainage work, ground treatment and sewerage work.

Motibina

Motibina's gross profit increased by 175.00% from RM3.76 million in FYE 2009 to RM10.34 million in FYE 2010 mainly due to the construction of earthworks – roadside drainage works for *Taman Sains Selangor* 2, Dengkil, Sepang, Selangor Darul Ehsan. For FYE 2011, the gross profit of Motibina increased by 135.69% from RM10.34 million in FYE 2010 to RM24.37 million in FYE 2011. This was because Motibina achieved a high completion of work in FYE 2011 compared to FYE 2010, namely for the project Lebuhraya Damansara-Puchong (Package B) in Selangor Darul Ehsan, which has a gross profit margin of only 8.35% but contributed more than 50% of Motibina's total revenue for FYE 2011.

Motibina's gross profit margin of 12.58%, 31.54% and 25.01% for FYEs 2009, 2010 and 2011, respectively has been fluctuating due to the different gross profit margins contributed by different projects with various sizes which includes the construction of part of Projek Lebuhraya Kemuning - Shah Alam (LKSA) Highway stretch from Section 24 at Jalan 24/13 Shah Alam to Interchange at Federal Highway Route 2 in Shah Alam, Selangor Darul Ehsan and the construction of earthworks for Taman Sains Selangor 2, Dengkil, Sepang, Selangor Darul Ehsan with gross profit margins ranging from 10.67% to 15.65% as well as revisions made on the project budgets. The decrease in Motibina's gross profit margin in FYE 2011 from 31.54% in FYE 2010 to 25.01% in FYE 2011 is due to lower margins recorded on construction of the proposed enhancement works along Lebuhraya Damansara Puchong (LDP) (Package B) in Selangor Darul Ehsan.

AQRS

AQRS recorded gross loss for FYE 2009 as there was no revenue recognised from its property development activity because there were no new property development projects launched. For FYE 2010, AQRS recorded a gross profit of RM4.29 million mainly due to the sales of units from its residential development project known as "Contours" and "Gombak Grove" which were launched in July 2010 and December 2010, respectively. For FYE 2011, AQRS recorded an increase in gross profit of 490.68% from RM4.29 million in FYE 2010 to RM25.34 million in FYE 2011, due to the sales of units from its residential projects known as "Contours" and "Gombak Grove".

There was no gross profit margin recorded in FYE 2009 as there was no revenue recorded for the aforementioned financial year under review. The gross profit margin for AQRS of 30.75% and 33.29% for FYE 2010 and FYE 2011, respectively were mainly contributed by the sales of units from its residential development project known as "Contours" and "Gombak Grove".

Prestige Field

Prestige Field was only incorporated in December 2010 and recorded a gross profit of RM5.27 million in FYE 2011 which was due to the sales of units from its development project known as "The Avenue @ Kinrara Uptown" which was launched in July 2011.

Therefore, the gross profit margin for FYE 2011 of 35.71% was contributed by the sales of units from its development project known as "The Avenue @ Kinrara Uptown".

Nusvista

Nusvista was only incorporated in FYE 2009 and recorded a gross loss of RM0.05 million in FYE 2011 which was due to land costs and property development costs incurred for the development of "The Altium".

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(ii) Gross Profit by Business Segments

Our proforma gross profit/(loss) and proforma gross profit margin by business segments for the past 3 FYEs 2009 to 2011 are as follows:

Activity	FYE					
	2009		2010		2011	
	RM'000	%	RM'000	%	RM'000	%
Gross profit/(loss)						
Construction	57,407	100.30^	80,979	94.97	68,561	69.16
Property development	(172)	(0.30)	4,293	5.03	30,572	30.84
Total	**57,235**	**100.00**	**85,272**	**100.00**	**99,133**	**100.00**
Gross profit margin (after consolidation adjustment)						
Construction (%)		23.11		28.36		24.37
Property development (%)		-		30.75		33.55
Overall gross profit margin (after consolidation adjustment)		**23.04**		**28.47**		**26.62**

Note:

^ *The percentage of gross profit is more than 100.00% due to losses incurred by the property development segment for the FYE 2009.*

The commentaries on gross profit and gross profit margin is set out in (i) above, whereby the construction activity of our Group is represented by Gabungan Strategik, Megah Ikhlas and Motibina and the property development activity of our Group is represented by AQRS, Prestige Field and Nusvista.

10. FINANCIAL INFORMATION *(Cont'd)*

(iii) Gross Profit from Government and GLCs versus Private Entities

Our proforma gross profit and gross profit margin by Government and GLCs versus Private Entities for the past 3 FYEs 2009 to 2011 are as follows:

	FYE					
	2009		2010		2011	
Gross Profit	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
Government and GLCs	29,367	51.31	29,231	34.28	16,482	16.63
Private Entities	27,868	48.69	56,041	65.72	82,651	83.37
Total	**57,235**	**100.00**	**85,272**	**100.00**	**99,133**	**100.00**

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Gross Profit Margin	FYE		
	2009 %	2010 %	2011 %
Government and GLCs	24.31	34.49	32.83
Private Entities	21.84	26.09	25.65
Overall gross profit margin (after consolidation adjustment) (%)	**23.04**	**28.47**	**26.62**

Commentaries:

Government and GLCs

The proforma gross profit for Government and GLCs have been on a downward trend from FYEs 2009 to 2011 which were mainly due to the decrease in proforma revenue contributed from Government and GLC construction contracts from the respective FYEs, in line with our Group's strategy to reduce our dependency on Government and GLC contracts.

The proforma gross profit from Government and GLCs decreased slightly by 0.48% in FYE 2010 from RM29.37 million in FYE 2009 to RM29.23 million in FYE 2010 and by 43.62% from RM29.23 million in FYE 2010 to RM16.48 million in FYE 2011.

The proforma gross profit margin for Government and GLCs increased to 34.49% in FYE 2010 as compared to 24.31% in FYE 2009 mainly due to projects which were nearing completion and/or have been completed where a portion of the project costs related to these projects were already recognised in previous financial years. The proforma gross profit margin for Government and GLCs subsequently decreased to 32.83% in FYE 2011 mainly due to the projects completed in FYE 2010 such as the design and construction of 43 additional school blocks using the IBS method in Selangor and Kuala Lumpur, variation of price contributed by the construction of *Terminal Makanan Negara* and related facilities at Sungai Raia and Teja, Kinta, Perak Darul Ridzuan and projects nearing completion such as the design and construction of *Kompleks Pejabat dan Perumahan* for JPJ in Alor Setar, Kedah Darul Aman.

Private Entities

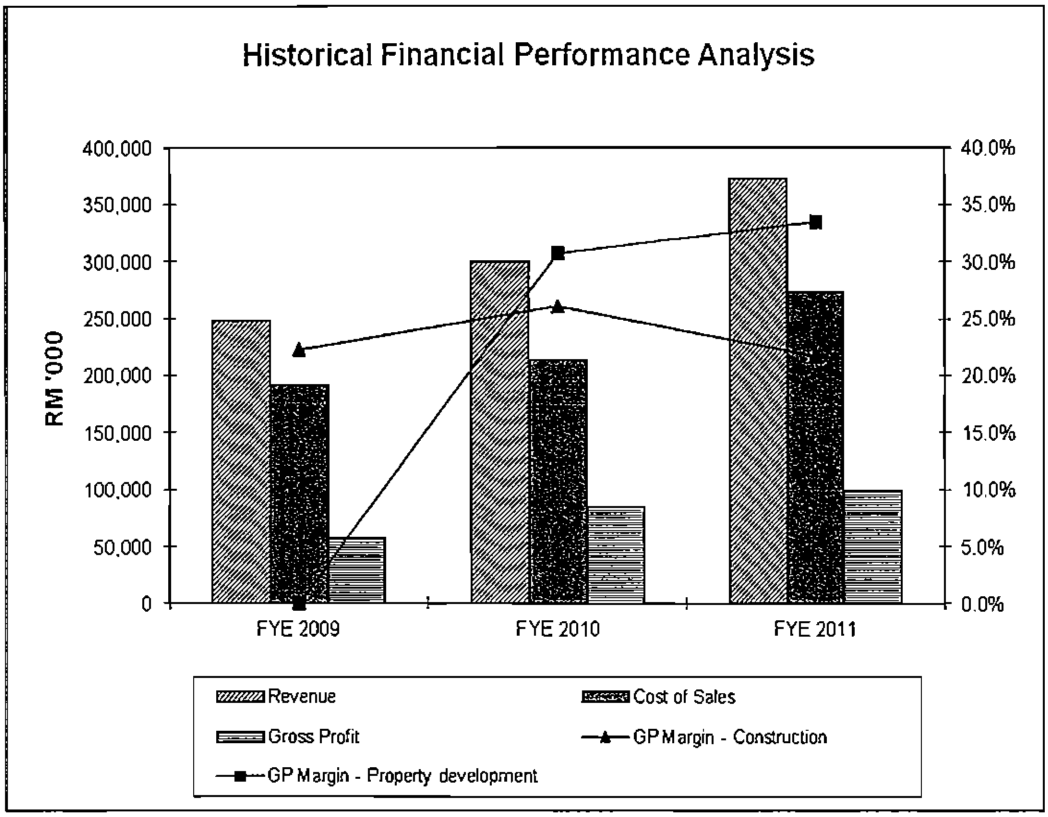
The proforma gross profit for Private Entities have been on an upward trend from FYEs 2009 to 2011. The proforma gross profit contribution from Private Entities increased by 101.08% in FYE 2010 from RM27.87 million in FYE 2009 to RM56.04 million in FYE 2010 and by 47.48% in FYE 2011 from RM56.04 million in FYE 2010 to RM82.65 million in FYE 2011. The upward trend in proforma gross profit contribution from Private Entities is mainly due to increasing revenue contribution from construction projects secured from Private Entities during the FYEs under review.

The proforma gross profit margin for Private Entities have been fluctuating from FYE 2009 to FYE 2011 mainly due to the different gross profit margins contributed by different projects with various sizes. The proforma gross profit margins for Government and GLCs were higher than the gross profit margins for Private Entities for FYEs 2009 to FYE 2011 as a result of variation orders issued by us during the FYE 2009 to certain Government and GLCs mainly for the increase in prices of raw materials in FYE 2008 and also due to projects which were nearing completion and/or have been completed where a portion of the project costs related to these projects were already recognised in previous financial years.

(iv) Gross Profit by Geographical Market

Our Group's gross profit for the financial years under review were all derived in Malaysia.

10.2.3 Commentary on our Group's Historical Financial Performance



The financial analysis and commentaries in respect of our Group's financial performance for the past 3 FYEs 2009 to 2011 are presented for illustration purposes only and on the assumption that our Group has been in existence throughout the financial years under review.

The historical financial performance analysis for the past 3 FYEs 2009 to 2011 is as follows:

<u>**FYE 2010 as compared to FYE 2009**</u>

Revenue

Our Group's proforma revenue for the FYE 2010 increased from RM248.40 million in FYE 2009 to RM299.52 million, representing an increase of approximately RM51.12 million or 20.58% as compared to the FYE 2009. This was attributable to the increase in contribution from the Construction Division and Property Development Division.

Our proforma revenue from the Construction Division (before eliminating intra-group transactions) increased by approximately 20.03% or RM51.68 million from RM257.99 million in FYE 2009 to RM309.67 million in FYE 2010.

Revenue from the Construction Division rose mainly due to a new project secured from a new customer in FYE 2010 compared to FYE 2009. The new project carried out during the FYE 2010 was the construction of the proposed enhancement works along Lebuhraya Damansara-Puchong (Package A) – Puchong Intan Southbound, Puchong Perdana Interchange to Kg. Bharu and Puchong Perdana Interchange Southbound in Selangor Darul Ehsan.

This new project contributed approximately 31.72% to the total proforma revenue derived from the Construction Division (after eliminating intra-group transactions) for FYE 2010.

Proforma revenue from existing projects increased from RM187.10 million in FYE 2009 to RM194.97 million in FYE 2010 mainly because more construction works for the construction contracts secured in FYE 2009 was carried out in FYE 2010 as compared to FYE 2009. The major existing projects which were carried out during the FYE 2010 include, amongst others, the following:

	Project	**Revenue Generated for FYE 2010 (RM'000)**
(i)	Construction of the *Institut Kemahiran Belia Negara* located in Kuala Langat, Selangor Darul Ehsan	36,607
(ii)	Construction of Federal Reserve Unit Camp – (Package 2) in Wakaf Tapai, Marang, Terengganu Darul Iman	30,358
(iii)	Construction of *Kompleks Pejabat dan Perumahan* for JPJ in Alor Star, Kedah Darul Aman	31,830
(iv)	Design and construction of 43 additional school blocks using the IBS construction method in Selangor Darul Ehsan and Kuala Lumpur	17,504
(v)	Upgrade of Seremban-Senawang federal road in Senawang, Negeri Sembilan Darul Khusus	22,472
	Total	**138,771**

Existing projects collectively contributed approximately 68.28% to the total proforma revenue derived from the Construction Division (after eliminating intra-group transactions) for FYE 2010.

Our Property Development Division contributed RM13.96 million in revenue (before eliminating intra-group transactions) for FYE 2010. The revenue was derived from the sales of units from our residential development projects known as "Contours" and "Gombak Grove" which were launched in July 2010 and December 2010, respectively.

There was no proforma revenue recognised from the Property Development Division for the FYE 2009 as there were no proforma revenue from new property development projects launched or from the sale of unsold units from the previous development project.

Cost of sales

Our Group's cost of sales increased by approximately 12.07% or RM23.08 million from RM191.17 million in FYE 2009 to RM214.25 million in FYE 2010. The increase in cost of sales was in line with higher proforma revenue recorded in FYE 2010 as compared to that of FYE 2009. Sub-contractors costs, which amounted to approximately 89.80% of the cost of sales for our Construction Division for FYE 2010, increased by approximately 22.34% or RM33.55 million as compared to FYE 2009 mainly as a result of the new project secured in FYE 2010 and the commencement of our residential development projects known as "Contours" and "Gombak Grove" as mentioned above.

Gross Profit and Gross Profit Margin

Our Group's proforma gross profit increased by approximately 48.97% or RM28.03 million, from RM57.24 million in FYE 2009 to RM85.27 million in FYE 2010. The proforma gross profit margin of our Group for the FYE 2010 was 28.47%, representing an increase of 5.43% as compared to the preceding financial year. This was largely because several of our projects had contributed higher profit margins during the FYE 2010. The projects which have contributed a higher profit margin to our Group are set out in the table below:

Project	**Gross Profit Margin Contribution (%)**
Design and construction of 43 additional school blocks using the IBS construction method in Selangor Darul Ehsan and Kuala Lumpur	60.86
Construction of *Terminal Makanan Negara* and related facilities at Sungai Raia and Teja, Kinta, Perak Darul Ridzuan	57.62
Upgrade of Seremban-Senawang federal road in Senawang, Negeri Sembilan Darul Khusus	26.54
Construction of *Institut Kemahiran Belia Negara*, Kuala Langat, Selangor Darul Ehsan	22.42
Construction of earthworks - roadside drainage works for *Taman Sains Selangor* 2, Dengkil, Sepang, Selangor Darul Ehsan	52.59
Construction of earthworks - triple box culvert works for *Taman Sains Selangor* 2, Dengkil, Sepang, Selangor Darul Ehsan	48.53
Construction of part of *Projek Lebuhraya Kemuning* - Shah Alam (LKSA) Highway stretch from Section 24 at Jalan 24/13 Shah Alam to Interchange at Federal Highway Route 2 in Shah Alam, Selangor Darul Ehsan	37.76
Construction of a 10-storey office with 1 parking podium, 1 cafeteria, 1 mechanical and engineering building and infrastructure works on Lot 5270 at University Malaya campus, Lembah Pantai, Kuala Lumpur	35.10

Other Income

Our Group recorded an increase in proforma other income of approximately 9.20% or RM0.15 million, from RM1.63 million in FYE 2009 to RM1.78 million in FYE 2010. Proforma other income consists primarily of interest income received from fixed deposits placed with financial institutions, as collateral for our loan facilities as well as increase in interest income from money market deposits.

Operating Costs

Our Group's proforma operating costs which consists of staff costs, administrative and other expenses increased by 77.32% or approximately RM8.49 million from RM10.98 million in FYE 2009 to RM19.47 million in FYE 2010. This was mainly due to the higher provision for doubtful debts as a result of long outstanding receivables amounting to RM3.44 million which has been outstanding between 2 to 7 years, increase in professional fees and increase in the depreciation charges for our fixed assets due to the additional assets acquired as a result of the increase in our construction and property development activities as explained above.

Finance Costs

Our proforma finance costs increased by approximately 516.67% or RM0.93 million from RM0.18 million in FYE 2009 to RM1.11 million in FYE 2010. The increase was mainly due to higher interest expense incurred for term loan facilities drawn down during the FYE 2010 to finance the development of our new property development project known as "Contours".

PBT

Our Group's proforma PBT increased by 39.32% or approximately RM18.76 million i.e. from RM47.71 million in FYE 2009 to RM66.47 million in FYE 2010 mainly due to the higher proforma revenue coupled with the improved proforma gross profit margin, but partly offset by the increase in proforma operating costs as explained above.

Taxation

Our proforma taxation expense increased by 35.79% or RM4.62 million from RM12.91 million in FYE 2009 to RM17.53 million in FYE 2010 which was in line with higher profits. Pursuant to the tax investigation by the IRB which is further detailed in Section 10.2.1(vii) of this Prospectus, Motibina is required to pay additional taxes amounting to RM807,000 in respect of the YAs 2004 to 2009. However, Motibina has only provided an additional amount of RM410,000 as tax provision in its financial statements for the FYE 2010 as the balance of RM397,000 has been settled by the Directors of Motibina in their personal capacity on behalf of Motibina. Therefore, the effective tax rate of 26.37% for the FYE 2010 reflects the lower amount of tax actually paid by Motibina in FYE 2010 in view of the settlement of the additional tax liability of Motibina amounting to RM397,000 by the Directors of Motibina. Had Motibina settled the entire amount of the additional tax payable of RM807,000, the effective tax rate of our Group for FYE 2010 would be 26.97%.

FYE 2011 as compared to FYE 2010

Revenue

Our Group's proforma revenue for the FYE 2011 increased from RM299.52 million in FYE 2010 to RM372.45 million, representing an increase of approximately RM72.93 million or 24.35% as compared to the FYE 2010. This was attributable to the increase in contribution from the Construction Division and Property Development Division.

Our proforma revenue from the Construction Division (before eliminating intra-group transactions) increased by approximately 2.15% or RM6.66 million from RM309.67 million in FYE 2010 to RM316.33 million in FYE 2011.

Proforma revenue from the Construction Division rose mainly due to new projects secured from new customers in FYE 2011 compared to FYE 2010. The major new projects carried out during the FYE 2011 were the construction of proposed enhancement works along Lebuhraya Damansara-Puchong (Package B) in Selangor Darul Ehsan and the rebuilding of the Police Training Centre (PULAPOL) in Ayer Hitam, Jempol, Negeri Sembilan Darul Khusus and the construction of 9 schools using IBS construction method in Wilayah Persekutuan Kuala Lumpur, Perak Darul Ridzuan and Kedah Darul Aman.

These major new projects contributed approximately 49.38% to the total proforma revenue derived from the Construction Division (after eliminating intra-group transactions) for FYE 2011.

Proforma revenue from existing projects decreased from RM194.97 million in FYE 2010 to RM142.40 million in FYE 2011 mainly because most of the construction contracts were completed in FYE 2011 as compared to FYE 2010 whereby most of the construction work was carried out in FYE 2010. The major existing projects which were carried out during the FYE 2011 include, amongst others, the following:

	Project	**Revenue Generated for FYE 2011 (RM'000)**
(i)	Construction of the *Institut Kemahiran Belia Negara* located in Kuala Langat, Selangor Darul Ehsan	13,103
(ii)	Construction of Federal Reserve Unit Camp – (Package 2) in Wakaf Tapai, Marang, Terengganu Darul Iman	32,701
(iii)	Construction of *Kompleks Pejabat dan Perumahan* for JPJ in Alor Star, Kedah Darul Aman	10,210
(iv)	Upgrade of Seremban-Senawang federal road in Senawang, Negeri Sembilan Darul Khusus	8,767
(v)	Construction of proposed enhancement works along Lebuhraya Damansara-Puchong (Package A) – Puchong Intan Southbound, Puchong Perdana Interchange to Kg. Bharu and Puchong Perdana Interchange Southbound in Selangor Darul Ehsan	25,670
	Total	**90,451**

Existing projects collectively contributed approximately 50.62% to the total proforma revenue derived from the Construction Division (after eliminating intra-group transactions) for FYE 2011.

Our Property Development Division contributed RM91.18 million in proforma revenue (before eliminating intra-group transactions) for FYE 2011, which was an increase of 553.15% or RM77.22 million as compared to RM13.96 million in FYE 2010. The revenue was derived from the sales of units from our on-going residential development projects known as "Contours", "Gombak Grove" and 2 new commercial development projects known as "The Avenue @ Kinrara Uptown" and "The Altium" which were launched in July 2011 and September 2011, respectively.

Cost of sales

Our Group's proforma cost of sales increased by approximately 27.57% or RM59.06 million from RM214.25 million in FYE 2010 to RM273.31 million in FYE 2011. The increase in proforma cost of sales was in line with higher revenue recorded in FYE 2011 as compared to that of FYE 2010. Sub-contractors costs, which amounted to approximately 83.31% of the proforma cost of sales for our Construction Division for FYE 2011, increased by approximately 7.15% or RM13.56 million as compared to FYE 2010 mainly as a result of the new projects secured in FYE 2011 and the commencement of our commercial development projects known as "The Avenue @ Kinrara Uptown" and "The Altium" as mentioned above.

Gross Profit and Gross Profit Margin

Our Group's proforma gross profit increased by approximately 16.25% or RM13.86 million, from RM85.27 million in FYE 2010 to RM99.13 million in FYE 2011. The proforma gross profit margin of our Group for the FYE 2011 was 26.62%, representing a decrease of 1.85% as compared to the preceding financial year. This was largely because several of our projects were nearing completion and new projects commenced only in the final quarter of FYE 2011. The projects which have contributed to the proforma gross profit margin of our Group is set out in the table below:

Project	Gross Profit Margin Contribution (%)
Construction of *Kompleks Pejabat dan Perumahan* for JPJ in Alor Star, Kedah Darul Aman	45.13
Construction of 9 schools using IBS construction method in Wilayah Persekutuan Kuala Lumpur, Perak Darul Ridzuan and Kedah Darul Aman	33.81
Upgrade of Seremban-Senawang federal road in Senawang, Negeri Sembilan Darul Khusus	70.24
Construction of *Institut Kemahiran Belia Negara*, Kuala Langat, Selangor Darul Ehsan	70.33
Civil works for upgrading of *Institut Pendidikan Guru Gaya*, Kota Kinabalu, Sabah	31.82
Construction of a 10-storey office with 1 parking podium, 1 cafeteria, 1 mechanical and engineering building and infrastructure works on Lot 5270 at University Malaya campus, Lembah Pantai, Kuala Lumpur	59.84

Other Income

Our Group recorded an increase in proforma other income of approximately 25.84% or RM0.46 million, from RM1.78 million in FYE 2010 to RM2.24 million in FYE 2011. Other proforma income consists primarily of interest income received from fixed deposits placed with financial institutions, as collateral for our loan facilities as well as increase in interest income from money market deposits.

Operating Costs

Our Group's proforma operating costs which consists of staff costs, administrative and proforma other expenses increased by 33.85% or approximately RM6.59 million from RM19.47 million in FYE 2010 to RM26.06 million in FYE 2011. The increase in proforma operating costs was mainly due to the higher salary costs owing to the additional recruitment of technical staff and the increase in professional fees in FYE 2011 compared to FYE 2010.

Finance Costs

Our proforma finance costs increased by approximately 235.14% or RM2.61 million from RM1.11 million in FYE 2010 to RM3.72 million in FYE 2011. The increase was mainly due to higher interest expense incurred for term loan facilities drawn down during the FYE 2011 to finance the development of our on-going property development project known as "Contours" and the new project known as "The Altium". Interest expense was also incurred on borrowings drawn down in the fourth quarter of FYE 2010 to finance the acquisition of the land held for development, located in Seberang Perai Tengah, Pulau Pinang.

PBT

Our Group's proforma PBT increased by 7.70% or approximately RM5.12 million from RM66.47 million in FYE 2010 to RM71.59 million in FYE 2011 mainly due to the higher revenue coupled with the improved proforma gross profit margin, but partly offset by the increase in proforma operating costs as explained above.

Taxation

Our proforma taxation expense increased by 24.93% or RM4.37 million from RM17.53 million in FYE 2010 to RM21.90 million in FYE 2011 which was in line with higher profits. This is also due partly to expenses not deductible for tax purposes which include legal fees, stamp duty and certain bank charges incurred for bank facilities and tax penalties imposed by the IRB on Gabungan Strategik and Megah Ikhlas in respect of underestimation of tax. In addition, there was a tax penalty on Megah Ikhlas for an over-deduction on the available Section 108 credit in respect of dividend which was paid during FYE 2010.

10.2.4 Significant Factors Materially Affecting Our Group's Revenue and Profits

Our results of operations are affected by a number of factors, the most significant of which include, but are not limited to, the following:

(i) Quality of Our Construction Services and Property Development Products

Our ability to provide quality construction services and property development products in a cost efficient and timely manner to meet our customers' needs and requirements such that they would grant us future business opportunities to provide our construction services and purchase our property development products.

The quality of our construction services and property development products is also crucial to attract the appropriate strategic partners, investors and other participants in the real estate industry, where necessary.

(ii) Growth of the Construction and Property Development Industries

Our financial performance is dependent on the growth of the construction and property development industries in Malaysia. We believe that our competitive strengths and advantages as set out in Section 4.19 of this Prospectus provide the fundamentals for the sustainability of our future business and financial growth. Our business strategies and future plans as set out in Section 4.20 of this Prospectus will further contribute to the sustainable growth in our financial performance.

(iii) Competition

The construction and property development industries in which we operate are competitive in nature. We face competition from various construction and property development companies, which include listed and non-listed companies. Intense competition may result in highly competitive pricing in order to secure projects from new and existing customers.

However, our Directors are of the view that, with our track record in these industries and our competitive strengths and advantages as set out in Section 4.19 of this Prospectus, we are ready to face the challenges ahead.

For further information on the effects of competition on our operations and the mitigating factors, please refer to Section 3.1.1 of this Prospectus.

(iv) Delay in the Completion of Construction and Property Development Projects

Timely completions of construction and property development projects are crucial. Any delays in project completion would be costly. The construction and property development projects are highly dependent on many unpredictable external factors, which may be beyond the control of our Group, including delays in obtaining approvals from various regulatory authorities, adequacy of raw materials and availability of workers. As any delay in the completion of projects may have a direct impact on our Group's profitability and reputation, our Directors and management personnel monitor the project schedules closely so that such delays are minimised.

For further information on the effects of the delay in the completion of construction and property development projects on our operations and the mitigating factors, please refer to Section 3.1.6 of this Prospectus.

(v) Changes in Regulatory, Political and Economic Conditions

Our Group will be affected should there be any form of regulatory, political, fiscal and economic changes in Malaysia such as the changes in interest rates and the willingness of financial institutions to grant financing for the purchase of properties, changes in duties, tax laws or rates as well as any adverse effects in political influences. As there is no assurance that we will be able to comply with all of these changes, should they occur, especially those which may be newly introduced by the relevant authorities, our business and financial performance may be adversely affected.

For further information on the effects of the changes in regulatory, political and economic conditions on our operations and the mitigating factors, please refer to Sections 3.1.9 and 3.1.10 of this Prospectus.

(vi) Fluctuations in costs

Fluctuating costs is an inherent risk in the construction and property development industries. Our operations are subject to increases in expenses due to a number of factors including, but not limited to, the following:

- Increase in raw material costs;
- Increase in labour costs;
- Increase in marketing and sales costs;
- Changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies;
- Changes in property tax assessments and other statutory changes; and
- Increase in the rates of inflation and/or interest rates.

Any increase in operating expenses may affect our profit margin where certain construction contract costs and the selling prices of our properties are fixed. Even if we are able to issue variation orders to our customers or increase the selling prices of our development properties, demand for our construction services or properties may in turn be adversely affected. Furthermore, if costs of raw materials escalate after the issuance of the letter of award or sale of the properties to the customers, we may not be able to factor such increase in our contracts or selling prices. If, for any reason, suppliers of these raw materials reduce, curtail, delay or discontinue their delivery of such materials to our projects for the quantities we need and at competitive prices, our ability to meet the material requirements for our projects could be impaired, our construction schedules disrupted and our business and results of operations could be materially and adversely affected.

(vii) Tax Considerations

Our operations were subject to Malaysian statutory corporate tax rate of 25% for the FYEs 2009 to 2011.

In respect of our operations, the effective tax rate (based on the proforma consolidated statement of comprehensive income of our Group for the FYEs 2009 to 2011) in FYEs 2009 to 2011 of 27.07%, 26.37% and 30.59%, respectively were higher than the statutory tax rates mainly due to expenses not deductible for tax purposes which include legal fees, stamp duty, certain bank charges incurred for banking facilities and certain tax penalties.

(viii) Exceptional / Extraordinary Items

There were no exceptional or extraordinary items in the past 3 FYEs 2009 to 2011.

(ix) Change to the accounting standards

Please refer to Section 3.1.14 of this Prospectus for further information on the adverse impacts the changes to the accounting standards has on our Group.

10.2.5 Material Changes in Sales or Revenue

A discussion on the reasons on material changes in our proforma revenue and profits for the past 3 FYEs 2009 to 2011 is as set out in Section 10.2.3 of this Prospectus.

10.2.6 Impact of Foreign Exchange/Interest Rates/Commodity Prices of Our Group's Operations

Our business operations and customers are located in Malaysia. Therefore, our Group is not directly affected by fluctuations in foreign exchange rates.

Our Group is also not materially affected by the movements in interest rates in Malaysia during the past 3 FYEs 2009 to 2011. However, a major increase in interest rates would raise the cost of borrowings and our finance costs as well as sales of property units, which may have an adverse effect on the performance of our Group.

Our Group's raw materials mainly consist of steel bars, pre-mixed and ready mixed concrete, sand, aggregates, cement, plywood, timber and building materials. These raw materials are generally widely available in Malaysia and from a large base of suppliers. In addition, fluctuations in the price of raw materials can sometimes be passed to certain customers, in full or in part. As such, our financial performance for the past 3 FYEs 2009 to 2011 had not been materially affected by any fluctuation in commodity prices save as disclosed in Section 10.2.3 of this Prospectus.

10.2.7 Impact of Inflation on Our Group's Operations

Our Group's financial performance for the past 3 FYEs 2009 to 2011 were not materially affected by the impact of inflation.

10.2.8 Impact of Government/Economic/Fiscal/Monetary Policies on Our Group's Operations

Risks relating to government, economic, fiscal or monetary policies, which may materially affect our operations, are set out in Section 3 of this Prospectus. Save for the risks above and as disclosed in Section 10.2.3 of this Prospectus, to the best of our knowledge, there is no government, economic, fiscal or monetary policies or factors that have had a material impact on our financial performance for the past 3 FYEs 2009 to 2011.

10.3 CAPITALISATION AND INDEBTEDNESS

We advise you to read the following information in conjunction with the Reporting Accountants' Letter on the Proforma Consolidated Financial Information and Accountants' Report as set out in Sections 10.5 and 11 of this Prospectus.

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We set out below the proforma consolidated capitalisation and indebtedness of our Group:

(i) based on our audited consolidated statements of financial position as at 31 December 2011; and

(ii) as adjusted for the IPO and utilisation of proceeds arising from the IPO.

	Audited as at 31 December 2011 RM'000	**Proforma after adjusting for the IPO and utilisation of proceeds RM'000**
Deposits, cash and bank balances	50,955	81,415
Indebtedness		
Current		
Secured and guaranteed		
Bank overdraft	12,111	12,111
Hire-purchase creditors	749	749
Term loans	25,489	25,489
Revolving credit	400	400
Non-current		
Secured and guaranteed		
Hire-purchase creditors	2,873	2,873
Term loans	15,220	15,220
Bridging loan	10,906	10,906
Contingent liabilities	5,202	5,202
Total indebtedness	72,950	72,950
Shareholders' equity#	122,257	189,717
Total capitalisation and indebtedness	**195,207**	**262,667**

Note:

\# *Excludes non-controlling interest.*

The indirect and contingent liabilities of our Group are as set out in Section 10.4.6 of this Prospectus.

As at 31 December 2011, our Group has no unsecured and/or unguaranteed debts.

As at 31 December 2011, based on our audited consolidated statements of financial position, the cash and bank balances held by our Group amounted to approximately RM50.96 million. After the IPO and the utilisation of proceeds from the Public Issue, the cash and bank balances will increase to approximately RM81.42 million, contributed mainly by the balance of the net proceeds from the Public Issue allocated for working capital purposes amounting to approximately RM30.46 million. As the proceeds from the Public Issue have not been allocated for the repayment of borrowings, the total indebtedness for both short and long term debts remain the same before and after the IPO.

10.4 LIQUIDITY AND CAPITAL RESOURCES

10.4.1 Working Capital

Our Group has been financing our growth via a combination of internal and external sources of funds. The former comprises our shareholders' equity and cash generated from operating activities whilst the latter mainly comprises bank borrowings from financial institutions. Our principal utilisation of funds have been for working capital, sub-contractors fees and payment to suppliers, repayment of bank borrowings and operating, administrative and financial expenses.

As at 31 December 2011 (based on the audited consolidated statements of financial position before the IPO), we have cash and cash equivalents of RM50.96 million and bank borrowings of RM67.75 million. Further, as at the LPD, the credit and loan facilities comprising amongst others, bank overdrafts, term loans, bridging loans and hire purchase available to our Group amounted to RM191.68 million, out of which RM96.63 million has been utilised. Based on the total borrowings and cash and bank balances as at 31 December 2011 (based on the audited consolidated statements of financial position before the IPO), our total net borrowings amounted to RM67.75 million, which translates to a net gearing of 0.55 times.

Our Directors are of the opinion that, after taking into consideration the cash and cash equivalents, the expected funds to be generated from operating activities and amounts available under our existing banking facilities, our Group will have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus.

10.4.2 Cash Flows

The proforma consolidated statement of cash flows for the FYE 2011 is prepared for illustrative purposes only and after making such adjustments as considered necessary assuming that our Group had been in existence throughout the FYE 2011 and assuming that the Listing Exercise had been completed on 31 December 2011. The following summary proforma consolidated statement of cash flows for the FYE 2011 is based on the proforma consolidated statement of cash flows as set out in Section 10.1.3 of this Prospectus as follows:

	Proforma FYE 2011 (before Public Issue and utilisation of proceeds) RM'000	**Public Issue and utilisation of proceeds**	**Proforma FYE 2011 (after Public Issue and utilisation of proceeds) RM'000**
Net cash used in operating activities	(56,737)	(25,000)	(81,737)
Net cash used in investing activities	(734)	(12,000)	(12,734)
Net cash from financing activities	36,876	67,460	104,336
Net increase in cash and cash equivalents	(20,595)	30,460	9,865
Cash and cash equivalents at beginning of financial year	28,204		28,204
Cash and cash equivalents at end of financial year	**7,609**		**38,069**

Brief commentaries on our Group's proforma consolidated statement of cash flows for the FYE 2011 are set out below:

Net Cash Used in Operating Activities

During the FYE 2011 (before Public Issue and utilisation of proceeds), our Group's proforma net cash used in operating activities was approximately RM56.74 million which was attributed to the proforma operating profit before working capital changes of approximately RM75.21 million, offset by the proforma net cash outflow for working capital of approximately RM108.67 million as well as the proforma net payment of interest and proforma net payment of income tax of approximately RM2.16 million and RM21.12 million, respectively.

Working capital changes arose from the following:

(i) Property development costs;
(ii) Trade and other receivables; and
(iii) Trade and other payables.

Our proforma net cash used in operating activities has subsequently been adjusted to take into account the utilisation of RM25.00 million for the acquisition of land banks (including the Stylo Land) from the proceeds raised from the Public Issue.

Our Group's negative proforma operating cash flows were mainly due to the changes in working capital which in turn, were mainly attributable to the increase in trade and other receivables of the Group as at 31 December 2011 (compared to the trade and other receivables as at 31 December 2010) in line with the increase in the proforma consolidated revenue of our Group for FYE 2011. The majority of the trade receivables were invoiced during the last two months preceding 31 December 2011 primarily due to the level of work done which had been certified by architect/consultant and the number of property units sold by our Group. Subsequent to 31 December 2011 and up to 31 March 2012, our Group has received payments of RM100.3 million or approximately 85.5% in respect of the outstanding trade receivables amounting to RM117.2 million as at 31 December 2011. The balance RM16.9 million remains uncollected mainly due to its finalisation of accounts for past completed projects with GLCs and the delay in the contract being signed for one of the new projects, which had resulted in a delay in the receipt of payment. Our Group is currently monitoring the outstanding balances very closely and do not foresee any issue in collection. Further, as at LPD, the credit and loan facilities available to our Group amounted to RM191.68 million, out of which RM96.63 million has been utilised. As such, our Group should have available banking facilities to utilise should we need additional funds to finance our working capital.

Net Cash Used in Investing Activities

During the FYE 2011 (before Public Issue and utilisation of proceeds), the proforma net cash used in investing activities amounted to RM0.73 million which was attributable to, amongst others, purchase of property plant and equipment amounting to RM0.94 million and proceeds from disposals of property plant and equipment amounting to RM0.20 million.

Our proforma net cash used in investing activities has been subsequently adjusted to take into account the utilisation of RM12.00 million for the acquisition of our new corporate headquarters from the proceeds raised from the Public Issue.

Net Cash from Financing Activities

For the FYE 2011 (before Public Issue and utilisation of proceeds), the proforma net cash from financing activities amounted to RM36.88 million.

Our Group repaid hire purchase and term loans amounting to RM10.89 million in FYE 2011. In addition, our Group had withdrawn fixed deposits pledged amounting to RM41.14 million in FYE 2011.

Our proforma net cash flow from financing activities has been subsequently adjusted to take into account the gross proceeds raised from the Public Issue of RM73.16 million and the utilisation of RM5.70 million to defray the estimated listing expenses.

Save for the prior written consent from the financial institutions in respect of certain inter-company loans and advances within our Group, there are no specific legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet the cash obligations of our Company. The prior written consent required (as mentioned above) is not expected to have a material impact on our ability to meet our cash obligations.

10.4.3 Borrowings

As at 31 December 2011 (based on the audited consolidated statements of financial position before the IPO), our Group had total outstanding borrowings, all of which are interest bearing, amounting to approximately RM67.75 million. Our Group has no foreign currency borrowings.

Details of the outstanding bank borrowings as at 31 December 2011 (based on the audited consolidated statements of financial position before the IPO) are set out below:

	RM'000
Long-term borrowings (Interest bearing)	
- Hire purchase	2,873
- Term loans	15,220
- Bridging loan	10,906
Short-term borrowings (Interest bearing)	
- Bank overdrafts	12,111
- Hire purchase	749
- Term loans	25,489
- Revolving credit	400
Total borrowings	**67,748**
Gearing ratio (times)*	**0.55**

Note:

* *Computed based on the total interest-bearing borrowings over our audited total shareholders' funds (excluding non-controlling interest) before the IPO attributable to our Group as at 31 December 2011 of RM122.26 million.*

Our short-term bank borrowings are mainly bank overdrafts and term loans, which are generally used for our working capital requirements. The interest rates for such credit facilities generally consist of fixed and floating rates of interest to generate the desired interest profile and to manage our exposure to interest rate fluctuations. For FYE 2011, our interest rates for short-term bank borrowings range between 6.8% to 8.10%.

Our long-term bank borrowings mainly comprise term loans and bridging loans, which were obtained for the acquisition of land banks and to finance our on-going development projects. The interest rates for the term loans and bridging loans are generally based on the prevailing base lending rate plus a margin agreed upon between our Group and our respective bankers when the loans were granted. For FYE 2011, our interest rates for long-term bank borrowings range between 4.55% to 8.35%.

Our Group has not defaulted on any payments of either interest charges and/or principal sums in respect of any of our borrowings throughout the FYE 2011 and up to the LPD.

As at the LPD, our Group does not have any exposure or use any financial instruments for hedging purposes. Our management will continue to assess the need for the use of any hedging instruments, if necessary, in the future.

10.4.4 Material Commitments for Capital Expenditure

As at the LPD, our Directors are not aware of any material commitments for capital expenditure incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material impact on our financial results or position.

10.4.5 Material Litigation/Claims/Arbitration

As at the LPD, save as disclosed in Section 14.7 of this Prospectus, our Group is not engaged in any other material litigation, claims or arbitration, either as plaintiff or defendant or otherwise, which have a material effect on our Group's financial position and our Directors have no knowledge of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect our Group's financial position or business.

10.4.6 Contingent Liabilities

Save as disclosed below, as at the LPD, our Directors are not aware of any other material indirect and contingent liabilities that upon becoming enforceable, may have a material effect on our financial results or position:

Transacting Parties	Nature of Relationship	Nature of Transaction	As at the LPD RM'000
Ng Kit Heng and Daiman Mentari Sdn Bhd	Ng Kit Heng, who is our Executive Director, Promoter and Offeror is also the Director and shareholder of Daiman Mentari Sdn Bhd	Corporate guarantee given by Motibina in relation to credit facility granted by the financial institution to Daiman Mentari Sdn Bhd	2,645
Ow Chee Cheoon and Adat Prestasi Sdn Bhd	Ow Chee Cheoon, who is our Executive Director, Promoter and Offeror is also the Director and shareholder of Adat Prestasi Sdn Bhd	Corporate guarantee given by Motibina in relation to credit facility granted by the financial institution to Adat Prestasi Sdn Bhd	2,557
Gabungan AQRS and Gabungan Strategik	Gabungan AQRS and its subsidiary, Gabungan Strategik	Corporate guarantee given by Gabungan AQRS in relation to credit facility granted by the financial institution to Gabungan Strategik	75,000

In addition, there are also banker's guarantees given by financial institutions to certain third parties who are involved, directly or indirectly in the construction and property development projects of some of our subsidiaries. These banker's guarantees given by financial institutions amount to approximately RM40.35 million as at the LPD.

10.4.7 Treasury Policy and Objectives

We have been financing our operations through a combination of cash generated from our operations and external source of funds. All of our cash and cash equivalents are denominated in RM. Our external source of funds mainly consists of credit terms provided by our suppliers and sub-contractors as well as bank borrowings. The normal credit terms granted by our suppliers range from 0 days to 60 days. Details of our borrowings are provided in Section 10.4.3 above.

The decision to either utilise banking facilities or internally generated funds for our operations depends on, *inter-alia*, the following factors:

- our current cash balance;
- expected cash inflows;
- future working capital requirements;
- future capital expenditure requirements; and
- interest rates of current banking facilities.

Our minimum cash reserves at any point in time is dependent on, *inter-alia*, the expected cash inflows and our future working capital requirements.

10.4.8 Breach of Terms and Conditions or Covenants Associated with a Credit Arrangement or Bank Loan, if any

As at the LPD, our Group has not breached any terms and conditions or covenants associated with credit arrangements or bank loans which can materially affect our Group's financial position and results or business operations, or the investments by holders of securities in our Company.

10.4.9 Key Financial Ratios

Our key financial ratios for the past 3 FYEs 2009 to 2011 are as follows:

	FYE		
	2009#	**2010#**	**2011^**
Trade receivable turnover* (months)	2.22	1.46	3.78
Trade payable turnover* (months)	2.40	1.91	3.34
Current ratio (times)	1.39	1.35	1.45
Gearing ratio (times)	0.23	1.03	0.55

Notes:

* *Excluding retention sum and amount due from/to contract customers.*

\# *Based on the proforma consolidated statements of comprehensive income and proforma consolidated statements of financial position, which are based on the assumption that our Group had been in existence throughout the financial years under review.*

^ *Based on the proforma consolidated statement of comprehensive income (which is based on the assumption that our Group had been in existence throughout the FYE 2011) and the audited consolidated statements of financial position of Gabungan AQRS as at 31 December 2011.*

Trade Receivables Turnover Period

Our Group's normal credit period granted to our customers for construction services ranges from 30 to 60 days. For Government and GLC contracts, the payment arrangement is based on progress claims. The normal credit period granted to our customers for property development products is 14 to 21 days. Other credit terms are assessed and approved on a case-by-case basis.

The decrease in the trade receivables turnover period from 2.22 months for FYE 2009 to 1.46 months for FYE 2010 is due to better collection from trade receivables. The trade receivables turnover period subsequently increased from 1.46 months for FYE 2010 to 3.78 months for FYE 2011 mainly as a result of an increase in trade receivables, which is in line with the increase in revenue.

The ageing analysis of our Group's trade receivables (excluding unbilled receivables for work done) as at 31 December 2011 can be summarised as follows:

	Within credit period	Exceeding credit period			
As at 31 December 2011	0 - 60 days RM'000	61 – 90 days RM'000	91 – 180 days RM'000	> 180 days RM'000	Total RM'000
Trade receivables*	97,830	6,955	12,046	402	117,233
% of total trade receivables	83.45	5.93	10.28	0.34	100.00

Note:

* *Excluding retention sum and amount due from contract customers, and before impairment losses.*

As at the LPD, none of the total amount of RM0.40 million exceeding the credit period of 180 days has been collected. This amount mainly relates to a receivable amounting to RM0.28 million which is in respect of a sale of a property unit that will be terminated. However, no impairment has been made in view that there could be a new buyer for the aforesaid property unit. The remaining amount of RM0.12 million relates to an uncollected debt which had been fully impaired and will be written-off during the FYE 31 December 2012.

Our Directors are of the opinion that the remaining balances that exceed the credit period are recoverable and that no further impairment losses for doubtful debts are required. Our Directors further confirm that there are no overdue trade receivables which are in dispute or under legal action.

Trade Payables Turnover Period

The trade payables turnover period indicates whether our Group's repayment exceeds the credit term granted by our suppliers and sub-contractors which ranges from 0 days to 90 days. Our Group believes the timely settlement to our suppliers will benefit our Group as our suppliers may grant us more favourable rates. The timely settlement also enhances our good relationship with our suppliers.

The ageing analysis of our Group's trade payables as at 31 December 2011 is as follows:

	Within credit period	Exceeding credit period		
As at 31 December 2011	0 - 90 days RM'000	91 - 180 days RM'000	> 180 days RM'000	Total RM'000
Trade payables*	67,529	7,929	661	76,119
% of total trade payables	88.71	10.42	0.87	100.00

Note:

* *Excluding retention sum and amount due to contract customers.*

Our Group's trade payables turnover period is within the specified credit period, save for FYE 2011. The trade payables turnover period increased from 1.91 months in FYE 2010 to 3.34 months in FYE 2011 mainly due to the increase in cost of sales, which in turn, is in line with the increase in revenue.

As at the LPD, approximately RM0.23 million of the total amount of RM0.66 million exceeding the credit period of 180 days have been paid.

Current ratio

Our Group's current ratio for FYEs 2009 to 2011 was at a healthy level of between 1.35 times to 1.45 times, which reflects our Group's ability to meet our short term obligations as our current assets such as cash at bank and receivables is readily convertible to cash.

Our Group's current ratio of between 1.35 to 1.45 times is in line with our Group's growth in revenue during the financial years under review and the increase in property development activities which resulted in higher capitalisation of property development costs.

Gearing ratio

Our Group's gearing ratio is low due to our Group's conservative approach in respect of bank borrowings. It is our Group's strategy to maintain low gearing levels.

Our Group's gearing ratio for FYEs 2009 to 2011 was between 0.23 times to 1.03 times. The gearing ratio of 1.03 times for the FYE 2010 was mainly due to borrowings incurred for the acquisition of land. For the FYE 2011, our Group's gearing ratio decreased from 1.03 times in FYE 2010 to 0.55 times in FYE 2011, mainly as a result of the decrease in borrowings and the increase in retained profits for the FYE 2011.

10.4.10 Trend Analysis

(a) Business and Financial Prospects

As at the LPD, to the best of our Director's knowledge and belief, our conditions and operations have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in this section, Section 3, Section 4 and Section 5 of this Prospectus;

(ii) material commitment for capital expenditures as set out in Section 10.4.4 of this Prospectus;

(iii) unusual, infrequent events or transactions or any significant changes that have materially affected the financial performance, position and operation of our Group save as disclosed in this section, Section 3 and Section 4 of this Prospectus;

(iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group revenue and/or profits, save for those that had been disclosed in this section, Section 3, Section 4 and Section 5.11 of this Prospectus;

(v) known trends, demands, commitments, events or uncertainties that would cause the historical financial statements to be not necessarily indicative of future financial information other than those discussed in this section, Section 3 and Section 4 of this Prospectus; and

(vi) known trends, demands, commitments, events or uncertainties that have had, or that our Group reasonably expects to have, a material favourable or unfavourable impact on the liquidity and capital resources of our Group, other than those discussed in this section, Section 3 and Section 4 of this Prospectus.

(b) Order Book

As at the LPD, our balance order book for construction services amounted to approximately RM855.53 million. As the revenue from our construction projects is recognised based on the percentage of completion of the construction cost, our balance order book excludes the value of completed works in respect of on-going projects which have been recognised as revenue.

Our orders in hand for construction services is however, subject to cancellation, deferral or rescheduling by our customers. Cancellations seldom occur and any deferrals or rescheduling occurs only when there is a constraint in capacity. Accordingly, our order book at any particular date may not be indicative of our revenue for any succeeding period.

Going forward, we are confident that our order book will remain strong as we have earned the confidence and recognition of customers due to our track record of delivering high quality services in a consistent and timely manner as well as our ability to meet the needs and stringent requirements of our customers.

10.4.11 Dividend Policy

Subject to the factors outlined below, moving forward, it will be the policy of our Directors to recommend a dividend distribution of up to 25% of our Group's annual PAT (excluding non-controlling interests) to the equity holders of our Company. This will allow shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

Our Directors will also take into consideration, amongst others, the following factors when recommending dividends for approval by our shareholders or when declaring any interim dividends:

(a) Our expected profitability;
(b) The availability of profits for the franking of dividends;
(c) Our required and expected return on equity;
(d) Our projected levels of capital expenditure and other investment plans;
(e) The prevailing interest rates and yields of the financial market; and
(f) The level of our cash and indebtedness, if any.

Any declaration and payment of dividends in the future will be at the discretion of our Board. There is no assurance on whether the dividend distributions will occur as intended, the amount of dividend payment or timing of such payments.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

Please refer to Section 3 of this Prospectus for risk factors that may affect our ability to pay dividends.

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10.5 REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

(Prepared for inclusion in this Prospectus)

BDO

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12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

Reporting Accountants' Letter on the Proforma Consolidated Financial Information (Prepared for the purpose of inclusion in the Prospectus)

The Board of Directors
Gabungan AQRS Berhad
Level 18, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

26 June 2012
Our ref: BDO/LSS/TSE/CC

Dear Sirs

GABUNGAN AQRS BERHAD
PROFORMA CONSOLIDATED FINANCIAL INFORMATION

We have reviewed the proforma consolidated financial information of Gabungan AQRS Berhad ("Gabungan AQRS" or "Company") and its subsidiaries ("Gabungan AQRS Group", "Proforma Group" or "Group") for the three (3) financial years ended ("FYE") 2009, 2010 and 2011, together with the accompanying notes thereon (stamped by us for identification purpose) prepared for illustration purpose only. The proforma consolidated financial information, which consists of the proforma consolidated statements of comprehensive income, proforma consolidated statements of financial position and proforma consolidated statement of cash flows, have been prepared based on the audited financial statements of Gabungan AQRS, Gabungan Strategik Sdn. Bhd.("Gabungan Strategik"), Pembinaan Megah Ikhlas Sdn. Bhd. ("Megah Ikhlas"), AQRS The Building Company Sdn. Bhd. ("AQRS"), Motibina Sdn. Bhd. ("Motibina"), Bright Reach Sdn. Bhd. ("Bright Reach"), Crystal Aspect Sdn. Bhd. ("Crystal Aspect"), Prestige Field Development Sdn. Bhd. ("Prestige Field"), Nusvista Development Sdn. Bhd. ("Nusvista") and Grand Meridian Development Sdn. Bhd.("Grand Meridian").

Certain assumptions were made to the proforma financial information and such adjustments to show the effects on:-

(a) the financial results of Gabungan AQRS Group for the financial years under review had the Gabungan AQRS Group structure as of the date of the Prospectus been in existence throughout the financial years under review;

(b) the financial position of Gabungan AQRS Group as at 31 December 2011, adjusted for the effects of the initial public offering and utilisation of the listing proceeds; and

(c) the cash flows of Gabungan AQRS Group for the FYE 2011 had the Gabungan AQRS Group structure as of the date of the Prospectus been in existence throughout the FYE 2011, adjusted for the effects of the initial public offering and utilisation of the listing proceeds.

As the proforma consolidated financial information are prepared for illustrative purposes only, such information, because of its nature, may not reflect Gabungan AQRS Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial results, financial position and cash flows.

BDO

The proforma consolidated financial information have been prepared for inclusion in the Prospectus of Gabungan AQRS Berhad to be dated 29 June 2012 in connection with the listing of and quotation for the entire issued and paid-up share capital of Gabungan AQRS Berhad on the Main Market of Bursa Malaysia Securities Berhad.

It is the sole responsibility of the Directors of Gabungan AQRS Group to prepare the proforma consolidated financial information in accordance with the requirements of the Prospectus Guidelines - Equity and Debt issued by Securities Commission ("Prospectus Guidelines"). Our responsibility is to form an opinion as required by the Prospectus Guidelines on the proforma consolidated financial information.

In providing this opinion, we are not updating or re-issuing any reports or opinion previously made by us on any financial information used in the compilation of the proforma consolidated financial information, nor do we accept the responsibility for such reports or opinions beyond that is owed to those to whom those letters or opinions were addressed by us at the date of their issue.

Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the proforma consolidated financial information to the audited financial statements of Gabungan AQRS, Gabungan Strategik, Megah Ikhlas, AQRS, Motibina, Bright Reach, Crystal Aspect, Prestige Field, Nusvista and Grand Meridian for the FYE 2009, 2010 and 2011, considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the Directors of the Company.

In our opinion:

(i) the proforma consolidated financial information of Gabungan AQRS Group, which are prepared for illustrative purposes only, have been properly compiled on the basis and assumptions as set out in the notes thereon, and such basis is consistent with the accounting policies adopted by Gabungan AQRS Group;

(ii) the financial statements used in the preparation of the proforma consolidated financial information have been prepared in accordance with applicable approved Financial Reporting Standards ("FRSs") in Malaysia and the proforma consolidated financial information have been properly prepared in a manner consistent with the format of the financial statements adopted by Gabungan AQRS Group;

(iii) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing the proforma consolidated financial information; and

(iv) The proforma consolidated financial information have been properly prepared on the basis of the assumptions stated in this letter.

This letter has been prepared solely for the purpose stated above, in connection with the listing of and quotation for the entire issued and paid-up share capital of Gabungan AQRS Berhad on the Main Market of Bursa Malaysia Securities Berhad. As such, this letter should not be used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,

BDO

BDO
AF : 0206
Chartered Accountants

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

1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME

1.1 Proforma Group and basis of preparation

The proforma consolidated financial information of Gabungan AQRS Berhad ("Gabungan AQRS" or "the Company") and its subsidiaries namely Gabungan Strategik Sdn. Bhd ("Gabungan Strategik"), Pembinaan Megah Ikhlas Sdn. Bhd. ("Megah Ikhlas"), AQRS The Building Company Sdn. Bhd. ("AQRS"), Motibina Sdn. Bhd. ("Motibina"), Bright Reach Sdn. Bhd. ("Bright Reach"), Crystal Aspect Sdn. Bhd. ("Crystal Aspect"), Prestige Field Development Sdn. Bhd. ("Prestige Field"), Nusvista Development Sdn. Bhd. ("Nusvista") and Grand Meridian Development Sdn. Bhd. ("Grand Meridian"), (collectively known as "Gabungan AQRS Group", "Proforma Group" or "Group") are prepared for illustrative purposes only and have been prepared using the bases and the accounting policies consistent with those adopted by Gabungan AQRS Group, after giving effect to the adjustments considered appropriate, based on the following:

(a) the audited financial statements (which have been audited by BDO) of Gabungan AQRS and its subsidiaries for the financial years/periods ended 31 December 2010* and 2011;

(b) the audited financial statements (which have been audited by K.H. Kwong & Co.) of Gabungan Strategik and Megah Ikhlas for the financial year ended ("FYE") 31 December 2009; and

(c) the audited financial statements (which have been audited by Khoo Wong & Chan) of the following companies:

Companies	Relevant Financial Periods
AQRS	FYE 30 September 2009
Motibina	FYE 31 July 2009 and 2010
Bright Reach	FYE 30 September 2009
Crystal Aspect	Financial period ended ("FPE") 30 September 2009

* *Except Motibina's financial statements for the financial year ended 31 July 2010, which was not audited by BDO. During the financial year ended 31 December 2011, BDO audited the financial statements of Motibina covering a period of 17 months from 1 August 2010 to 31 December 2011.*

The audited financial statements used in the preparation of this letter for the financial years under review were not subject to any qualification.

On 8 August 2011, Gabungan AQRS and AQRS have completed the acquisition of the abovementioned subsidiaries to become Gabungan AQRS Group. Accordingly, the first audited consolidated financial results of Gabungan AQRS Group is for the financial period commencing 8 August 2011 to 31 December 2011.

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1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.1 Proforma Group and basis of preparation (continued)

The proforma consolidated financial information have been prepared in accordance with applicable approved FRSs in Malaysia and after incorporating adjustments that are appropriate for the preparation of the proforma consolidated financial information.

Elimination of intra-group transactions has also been made in the proforma consolidated statements of comprehensive income on the assumption that Gabungan AQRS Group had been in existence throughout the financial years under review.

The proforma consolidated statements of financial position were also prepared, together with the accompanying notes thereto, which have been prepared solely for illustrative purposes, to show the effects of the listing scheme as disclosed in Section 1.2 had the listing scheme been implemented and completed on 31 December 2011.

The proforma consolidated financial information, because of its nature, may not reflect the Gabungan AQRS Group's actual financial results, financial position and cash flows. Further, such information does not predict the Group's future financial results, financial position and cash flows.

The proforma consolidated financial information comprises the following:-

Section 2 - Proforma consolidated statements of comprehensive income for the FYE 2009, 2010 and 2011 on the assumption that the Gabungan AQRS Group structure as of the date of Prospectus had been in existence throughout the financial years under review;

Section 3 - Audited consolidated statement of financial position as at 31 December, adjusted for the effects of the initial public offering ("IPO") and utilisation of the listing proceeds; and

Section 4 - Proforma consolidated statements of cash flows for the FYE 2011 on the assumption that the Gabungan AQRS Group structure as of the date of the Prospectus had been in existence throughout the financial year under review, adjusted for the effects of the IPO and utlisation of the listing proceeds.

1. PROFORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)

1.2 Listing Scheme

In conjunction with the listing, Gabungan AQRS will undertake the following listing scheme ("Listing Scheme"):

(a) Public Issue

The 62,000,000 IPO Shares to be issued pursuant to the Public Issue at RM1.18 per IPO Share ("IPO Price") ("Public Issue Shares") representing 17.44% of the enlarged issued and paid-up share capital upon Listing, payable in full on application upon the terms and conditions as set out in the Prospectus, will be allocated in the following manner:

(i) **Malaysian Public via Balloting**

18,000,000 Public Issue Shares representing 5.06% of the enlarged issued and paid-up share capital of the Company upon Listing, to be allocated via ballot, will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which 9,000,000 Public Issue Shares representing 2.53% of the enlarged issued and paid-up share capital of the Company will be strictly made available to Bumiputera individuals, companies, co-operatives and institutions.

(ii) **Eligible Directors and Employees of the Group and/or Persons Who Have Contributed to the Success of the Group**

6,000,000 Public Issue Shares, representing 1.69% of the enlarged issued and paid-up share capital of the Company upon Listing will be reserved for application by the eligible Directors and employees of the Group and persons who have contributed to the success of the Group.

(iii) **Selected investors via Placement**

32,000,000 Public Issue Shares, representing 9.00% of the enlarged issued and paid-up share capital of the Company upon Listing will be made available for private placement to selected investors.

(iv) **Bumiputera Investors via Placement**

6,000,000 Public Issue Shares representing 1.69% of the enlarged issued and paid-up share capital of the Company upon Listing will be made available for private placement to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI").

(b) Offer for Sale

Simultaneous with the Public Issue, the offer for sale of 30,000,000 Shares representing 8.44% of the enlarged issued and paid-up share capital of the Company upon Listing is offered at the IPO Price, payable in full on application upon the terms and conditions as set out in the Prospectus and will be allocated and allotted by way of private placement to selected Bumiputra investors approved by the MITI.

(c) Listing and Quotation

Upon completion of the IPO, Gabungan AQRS shall seek admission to the Official List of Bursa Securities and for the listing of and quotation for the entire enlarged issued and paid up share capital of Gabungan AQRS of RM88,880,000 comprising 355,520,000 Shares on the Main Market of Bursa Securities.

2. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 2009, 2010 AND 2011

The proforma consolidated statements of comprehensive income of Gabungan AQRS Group for the FYE 2009, 2010 and 2011 have been prepared for illustrative purposes only and after incorporating such adjustments as considered necessary and assuming that the Gabungan AQRS Group had been in existence throughout the financial years under review.

	Audited		
	<------------------ Proforma --------------->		
	<--------------------- FYE ------------------->		
	2009 RM'000	2010 RM'000	2011 RM'000
Revenue	248,404	299,519	372,446
Cost of sales	(191,169)	(214,247)	(273,313)
Gross profit	57,235	85,272	99,133
Other income	1,631	1,777	2,243
Operating costs	(10,982)	(19,473)	(26,061)
Finance costs	(177)	(1,110)	(3,722)
Profit before tax	47,707	66,466	71,593
Tax expense	(12,914)	(17,526)	(21,899)
Profit for the financial years/period	34,793	48,940	49,694
Attributable to:			
Owners of the parent	34,793	48,940	48,235
Non-controlling interest	-	-	1,459
	34,793	48,940	49,694
Number of ordinary shares in issue ('000)	293,520	293,520	293,520
Gross profit margin (%)	23.04	28.47	26.62
Pre-tax profit margin (%)	19.21	22.19	19.22
Effective tax rate (%)	27.07	26.37	30.59
Earnings before interest, tax, depreciation and amortisation	47,795	67,661	75,192
Gross earnings per share (RM)	0.16	0.23	0.24
Net earnings per share (RM)	0.12	0.17	0.17
Fully diluted net earnings per share (RM)	0.10	0.14	0.14

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2. PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEARS ENDED 2009, 2010 AND 2011

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(a) The gross profit margin is computed by dividing the gross profit by revenue earned in the respective financial years/period.

(b) The pre-tax profit margin is computed by dividing the profit before tax by revenue earned in the respective financial years/period.

(c) The gross earnings per share is computed by dividing the profit before tax by the number of ordinary shares assumed in issue of 293,520,000 shares.

(d) The net earnings per share is computed by dividing the profit for the financial year by the number of ordinary shares assumed in issue of 293,520,000 shares.

(e) The fully diluted earnings per share is computed by dividing the profit for the financial years/period by the number of ordinary shares after the Public Issue of 355,520,000 shares.

(f) All significant inter-company transactions are eliminated on consolidation and the consolidated results reflect external transactions only.

(g) There was no share of profits of joint ventures or associates.

(h) There were no exceptional or extraordinary items throughout the financial years/period under review.

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3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

The proforma consolidated statements of financial position of Gabungan AQRS Berhad as at 31 December 2011 have been prepared for illustrative purposes only based on the audited consolidated statement of financial position as at 31 December 2011 and after making such adjustments as considered necessary assuming that the Listing Scheme is completed on 31 December 2011.

		Audited	< -------- Proforma --------- >	
		As at 31 December 2011	I	II After Proforma I
	Section	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	3.2.1	8,485	8,485	20,485
Land held for development	3.2.2	31,582	31,582	56,582
Investments	3.2.3	2	2	2
		40,069	40,069	77,069
Current assets				
Property development costs	3.2.4	113,215	113,215	113,215
Trade and other receivables	3.2.5	204,225	204,225	204,225
Cash and cash equivalents	3.2.6	50,955	124,115	81,415
		368,395	441,555	398,855
TOTAL ASSETS		408,464	481,624	475,924
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	3.2.7	73,380	88,880	88,880
Share premium	3.2.8	-	57,660	55,885
Retained earnings		48,877	48,877	44,952
		122,257	195,417	189,717
Non-controlling interest		1,452	1,452	1,452
TOTAL EQUITY		123,709	196,869	191,169

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3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (continued)

		Audited	< ---------- Proforma --------- >	
			I	II
		As at 31 December 2011		After Proforma I
	Section	RM'000	RM'000	RM'000
Non-current liabilities				
Borrowings	3.2.9	28,999	28,999	28,999
Deferred tax liabilities		2,241	2,241	2,241
		31,240	31,240	31,240
Current liabilities				
Trade and other payables	3.2.10	197,782	197,782	197,782
Borrowings	3.2.9	38,749	38,749	38,749
Current tax liabilities		16,984	16,984	16,984
		253,515	253,515	253,515
TOTAL LIABILITIES		284,755	284,755	284,755
TOTAL EQUITY AND LIABILITIES		408,464	481,624	475,924
Net assets*		122,257	195,417	189,717
Number of ordinary shares assumed in issue ('000)		293,520	355,520	355,520
Net assets attributable to equity holders per ordinary share (RM)		0.42	0.55	0.53

* *Excluding non-controlling interest*

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3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (continued)

3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(A) PROFORMA I

The proforma I is stated after the completion of the Public Issue.

The Public Issue Shares to be issued pursuant to the Public Issue at the IPO Price, payable in full on application upon such terms and conditions as set out in the Prospectus, will be allocated in the following manner:

(i) 18,000,000 Public Issue Shares representing 5.06% of the enlarged issued and fully paid-up share capital, will be made available for application by the Malaysian public to be allocated via ballot, of which 9,000,000 Public Issue Shares representing 2.53% of the enlarged issued and paid-up share capital of the Company will be strictly made available to Bumiputera individuals, companies, co-operatives and institutions;
(ii) 6,000,000 Public Issue Shares representing 1.69% of the enlarged issued and fully paid-up share capital, will be made available for application by the eligible Directors and employees of the Group and persons who have contributed to the success of the Group;
(iii) 32,000,000 Public Issue Shares representing 9.00% of the enlarged issued and fully paid-up share capital, will be placed with selected investors; and
(iv) 6,000,000 Public Issue Shares representing 1.69% of the enlarged issued and fully paid-up share capital, will be placed with Bumiputera investors approved by the MITI.

Upon completion of the Public Issue, the issued and paid-up share capital will increase from RM73,380,000 comprising 293,520,000 Shares of RM0.25 each to RM88,880,000 comprising 355,520,000 Shares of RM0.25 each.

(B) PROFORMA II

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The proceeds from the Public Issue will be utilised as follows:

	RM'000
Acquisition of leasehold land situated at Mukim Petaling, Selangor ("Stylo Land")	9,588
Acquisition of other land banks	15,412
New corporate headquarters	12,000
Working capital*	30,460
Estimated listing expenses**	5,700
Total	73,160

* *Subsumed within cash and bank balances.*
** *The estimated listing expenses of RM1,775,000 is to be written off against the share premium account under Section 60 of the Companies Act 1965 in Malaysia and the balance of RM3,925,000 will be expensed off to the statement of comprehensive income.*

3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (continued)

3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

(C) LAND HELD FOR DEVELOPMENT

The movements of land held for development are as follows:

	RM'000
As at 31 December 2011	31,582
Public Issue	-
Proforma I	31,582
Utilisation of proceeds	
- Acquisition of Stylo Land	9,588
- Acquisition of other land banks	15,412
	25,000
Proforma II	56,582

(D) PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipment are as follows:

	RM'000
As at 31 December 2011	8,485
Public Issue	-
Proforma I	8,485
Utilisation of proceeds	
- New corporate headquarters	12,000
Proforma II	20,485

(E) CASH AND CASH EQUIVALENTS

The movements of cash and cash equivalents are as follows:

	RM'000
As at 31 December 2011	50,955
Public Issue	73,160
Proforma I	124,115
Utilisation of proceeds	
- Acquisition of Stylo Land	(9,588)
- Acquisition of other land banks	(15,412)
- New corporate headquarters	(12,000)
- Listing expenses	(5,700)
Proforma II	81,415

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3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (continued)

3.1 PROFORMA ADJUSTMENTS TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

(F) SHARE CAPITAL AND RESERVES

The movements in the share capital and reserves of Gabungan AQRS Group are as follows:

	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
As at 31 December 2011	73,380	-	48,877	122,257
Public Issue	15,500	57,660	-	73,160
Proforma I	88,880	57,660	48,877	195,417
Less: Listing expenses	-	(1,775)	(3,925)	(5,700)
Proforma II	88,880	55,885	44,952	189,717

3.2 NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

3.2.1 PROPERTY, PLANT AND EQUIPMENT

	RM'000
Carrying amount	
Office and computer equipment	410
Electronic data processing ("EDP") equipment	172
Furniture, fittings and renovation	480
Motor vehicles	4,104
Plant, machinery and cabins	213
Leasehold land and buildings	2,588
Operation and construction equipment	518
As at 31 December 2011/Proforma I	8,485
Utilisation of proceeds	
- New corporate headquaters	12,000
Proforma II	20,485

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3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (continued)

3.2 NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3.2.2 LAND HELD FOR DEVELOPMENT

	RM'000
Carrying amount	
Freehold land	
- As at 31 December 2011/Proforma I	31,582
Utilisation of proceeds	
- Acquisition of Stylo Land	9,588
- Acquisition of other land banks	15,412
Proforma II	56,582

3.2.3 INVESTMENTS

	As at 31 December 2011 RM'000
Available for sale financial assets	
- Quoted shares	2

3.2.4 PROPERTY DEVELOPMENT COSTS

	As at 31 December 2011 RM'000
Carrying amount	
Land	75,187
Development costs	38,028
	113,215

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3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (continued)

3.2 NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3.2.5 TRADE AND OTHER RECEIVABLES

	As at 31 December 2011 RM'000
Trade receivables	
Amounts due from contract customers (Note 3.2.11)	14,487
Third parties	117,233
Less: Impairment losses - third parties	(118)
Retention sum	31,410
	163,012
Other receivables, deposits and prepayments	
Other receivables	5,647
Less: Impairment losses - other receivables	(1,616)
Accrual billings	35,892
Deposits	669
Prepayments	621
	41,213
	204,225

3.2.6 CASH AND CASH EQUIVALENTS

	RM'000
Cash and bank balances	19,721
Fixed deposits with licensed banks	31,234
As at 31 December 2011	50,955
Public Issue	73,160
Proforma I	124,115
Utilisation of proceeds	
- Acquisition of Stylo Land	(9,588)
- Acquisition of other land banks	(15,412)
- New corporate headquarters	(12,000)
- Listing expenses	(5,700)
Proforma II	81,415

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3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (continued)

3.2 NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3.2.7 SHARE CAPITAL

The details of the changes in the issued and paid up share capital are as follows:

	No of shares allotted ('000)	Cumulative no of shares allotted ('000)	Par value RM	Consideration	Cumulative total issued and paid-up share capital RM'000
As at 31 December 2011	293,520	293,520	0.25	Share split and acquisition of subsidiaries	73,380
Proforma I	62,000	355,520	0.25	Public issue - Cash	88,880

3.2.8 SHARE PREMIUM

The share premium is arrived at after accounting for the premium received (less listing expenses of RM1,775,000) over the nominal value of shares issued to the public.

3.2.9 BORROWINGS

	As at 31 December 2011 RM'000
Non-current liabilities	
Hire-purchase creditors	2,873
Term loans	15,220
Bridging loan	10,906
	28,999
Current liabilities	
Bank overdrafts	12,111
Hire-purchase creditors	749
Term loans	25,489
Revolving credit	400
	38,749
	67,748
Total borrowings	
Bank overdrafts	12,111
Hire-purchase creditors	3,622
Term loans	40,709
Bridging loan	10,906
Revolving credit	400
	67,748

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3. PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2011 (continued)

3.2 NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

3.2.10 TRADE AND OTHER PAYABLES

	As at 31 December 2011 RM'000
Trade payables	
Amounts due to contract customers (Note 3.2.11)	32,519
Third parties	76,119
Retention sum	52,484
	161,122
Other payables	
Other payables	7,559
Accruals	7,719
Deposits received	410
Dividend payables	7,098
Progress billings	11,506
Amounts due to corporate shareholders	1,061
Amounts due to Directors	1,307
	36,660
	197,782

3.2.11 AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	As at 31 December 2011 RM'000
Aggregate costs incurred to date	956,942
Add: Attributable profits	242,575
	1,199,517
Less: Progress billings	(1,217,549)
	(18,032)
Analysed as follows:	
Amounts due from contract customers (Note 3.2.5)	14,487
Amounts due to contract customers (Note 3.2.10)	(32,519)
	(18,032)

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4. **PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 2011**

The proforma consolidated statements of cash flows for the FYE 2011 have been prepared for illustrative purposes only and after making such adjustments as considered necessary assuming that Gabungan AQRS Group had been in existence throughout the FYE 2011 and the Listing Scheme completed on 31 December 2011.

	Proforma FYE 2011 (before public issue and utilisation of proceeds) RM'000	Public issue and utilisation of proceeds RM'000	Proforma FYE 2011 (after public issue and utilisation of proceeds) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	71,593		71,593
Adjustments for:			
Depreciation of property, plant and equipment	1,480		1,480
Impairment loss on goodwill	1		1
Impairment loss on other investments	3		3
Interest expense	3,855		3,855
Interest income	(1,577)		(1,577)
Gain on disposal of property, plant and equipment	(147)		(147)
Property, plant and equipment written off	2		2
Operating profit before working capital changes	75,210		75,210
Changes in working capital:			
Property development costs	(24,211)		(24,211)
Land held for development*	-	(25,000)	(25,000)
Trade and other receivables	(123,625)		(123,625)
Trade and other payables	39,166		39,166
Cash used in operations	(33,460)		(58,460)
Interest paid	(3,732)		(3,732)
Interest received	1,577		1,577
Tax paid	(21,829)		(21,829)
Tax refunded	707		707
Net cash used in operating activities	(56,737)		(81,737)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(935)		(935)
Purchase of new corporate headquarters	-	(12,000)	(12,000)
Proceeds from disposals of property, plant and equipment	201		201
Net cash used in investing activities	(734)		(12,734)

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4. PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 2011 (continued)

	Proforma FYE 2011 (before public issue and utilisation of proceeds) RM'000	Public issue and utilisation of proceeds RM'000	Proforma FYE 2011 (after public issue and utilisation of proceeds) RM'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Public Issue	-	73,160	73,160
Payment of estimated listing expenses	-	(5,700)	(5,700)
Withdrawal of fixed deposits pledged	41,137		41,137
Repayments to hire-purchase creditors	(384)		(384)
Net drawdown of bridging loan	6,749		6,749
Repayments of term loans	(10,503)		(10,503)
Interest paid	(123)		(123)
Net cash from financing activities	36,876		104,336
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(20,595)	30,460	9,865
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	28,204		28,204
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	7,609		38,069

* *The details of the intended acquisition of land of RM25,000,000 are as follows:*

	RM'000
Stylo Land	*9,588*
Other land banks to be identified	*15,412*
	25,000

Cash and cash equivalents

Cash and cash equivalents (after public issue and utilisation of proceeds) after included in the proforma consolidated statement of cash flows comprise the following items:

	RM'000
Cash and bank balances	50,181
Fixed deposits with licensed banks	31,234
Cash and cash equivalents as per Proforma II	81,415
Bank overdrafts included in borrowings (3.2.9)	(12,111)
	69,304
Less: Fixed deposits pledged as security	(31,235)
	38,069

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APPROVAL BY THE BOARD OF DIRECTORS

Approved and adopted by the Board of Directors in accordance with a resolution dated 26 June 2012.

....
NG CHUN KOOI
DIRECTOR

....
OW CHEE CHEOON
DIRECTOR

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Kuala Lumpur

(Prepared for inclusion in this Prospectus)

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Malaysia

The Board of Directors
Gabungan AQRS Berhad
Level 18, The Gardens North Tower
Midvalley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Date: 13 June 2012
Our ref: BDO/LSS/TSE/CC

Dear Sirs

GABUNGAN AQRS BERHAD ('Gabungan AQRS' or 'Company')
ACCOUNTANTS' REPORT ('Report')

1. INTRODUCTION

This Report has been prepared by BDO, an approved company auditor, for inclusion in the Prospectus of Gabungan AQRS Berhad to be dated 29 June 2012 in connection with the listing of and quotation for the enlarged issued and paid-up share capital of Gabungan AQRS on the Main Market of Bursa Malaysia Securities Berhad ('Bursa Securities') (hereinafter defined as 'the Listing'), and should not be relied on for any other purposes. The details of the listing scheme are disclosed in Section 2 of this Report.

2. DETAILS OF THE LISTING SCHEME

In conjunction with and as an integral part of the listing of Gabungan AQRS on the Main Market of Bursa Securities, the Company undertakes the following listing scheme ('Listing Scheme'):

2.1 Public Issue

The 62,000,000 IPO Shares to be issued pursuant to the Public Issue at RM1.18 per IPO Share ('IPO Price') ('Public Issue Shares') representing 17.44% of the enlarged issued and paid-up share capital upon Listing, payable in full on application upon the terms and conditions as set out in the Prospectus, will be allocated and allotted in the following manner:

(i) **Malaysian Public via Balloting**

18,000,000 Public Issue Shares representing 5.06% of the enlarged issued and paid-up share capital of the Company upon Listing, to be allocated via ballot, will be made available for application by Malaysian citizens, companies, co-operatives, societies and institutions, of which 9,000,000 Public Issue Shares representing 2.53% of the enlarged issued and paid-up share capital of the Company will be strictly made available to Bumiputera individuals, companies, co-operatives and institutions.

(ii) **Eligible Directors and Employees of the Group and/or Persons Who Have Contributed to the Success of the Group**

6,000,000 Public Issue Shares, representing 1.69% of the enlarged issued and paid-up share capital of the Company upon Listing will be reserved for application by the eligible Directors and employees of the Group and persons who have contributed to the success of the Group.

2. DETAILS OF THE LISTING SCHEME (continued)

2.1 Public Issue (continued)

(iii) Selected investors via Placement

32,000,000 Public Issue Shares, representing 9.00% of the enlarged issued and paid-up share capital of the Company upon Listing will be made available for private placement to selected investors.

(iv) Bumiputera Investors via Placement

6,000,000 Public Issue Shares representing 1.69% of the enlarged issued and paid-up share capital of the Company upon Listing will be made available for private placement to Bumiputera investors approved by the Ministry of International Trade and Industry ('MITI').

2.2 Offer for Sale

Simultaneous with the Public Issue, the offer for Sale of 30,000,000 Shares representing 8.44% of the enlarged issued and paid-up share capital of the Company upon Listing is offered at the IPO Price, payable in full on application upon the terms and conditions as set out in the Prospectus and will be allocated and allotted by way of private placement to selected Bumiputra investors approved by the MITI.

2.3 Listing and Quotation

Upon completion of the initial public offering ('IPO'), Gabungan AQRS shall seek admission to the Official List of Bursa Securities for the listing of and quotation for the entire enlarged issued and paid up share capital of Gabungan AQRS of RM88,880,000 comprising 355,520,000 Shares on the Main Market of Bursa Securities.

3. GENERAL INFORMATION

The Company was incorporated and domiciled in Malaysia under the Companies Act, 1965 on 20 August 2010 as a private limited company and subsequently changed its status to become a public limited company on 17 January 2011. The registered office of the Company is located at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

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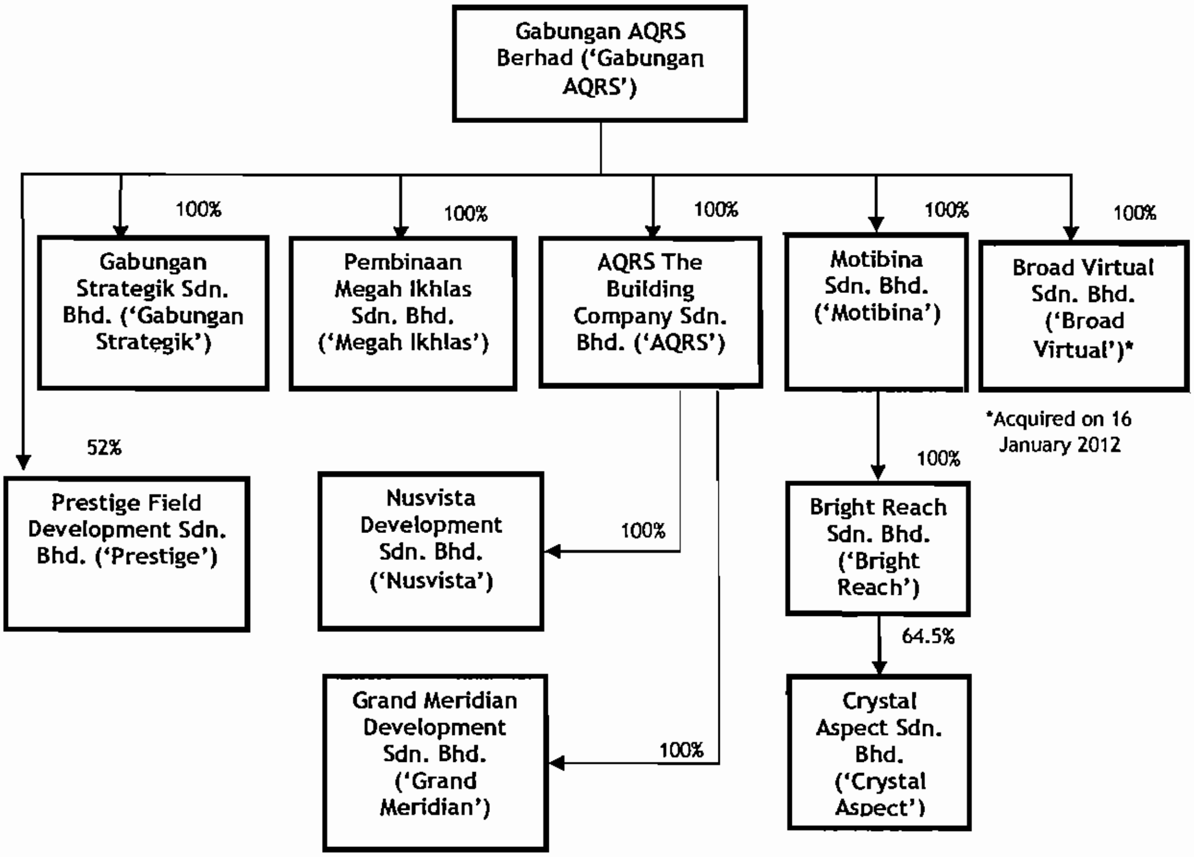
3. GENERAL INFORMATION (continued)

3.1 Group structure

As at the date of this Report, the corporate structure of Gabungan AQRS and its subsidiaries ('Gabungan AQRS Group' or 'Group') is as follows:



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3. GENERAL INFORMATION (continued)

3.2 Principal activities

The principal activity of the Company is investment holding whilst the details of the subsidiaries as at the date of this Report are as follows:

Subsidiaries	Date of incorporation	Place of incorporation	Paid-up capital	Effective equity interest (%)	Principal activities
Gabungan Strategik	1 September 1999	Malaysia	RM1,800,000	100	Contractor for civil and building construction works.
Megah Ikhlas	28 January 1999	Malaysia	RM850,000	100	Contractor for civil and building construction works.
AQRS	6 July 2001	Malaysia	RM1,600,000	100	Property development.
Motibina	13 April 1996	Malaysia	RM1,000,000	100	Civil and building contractors.
Prestige	27 December 2010	Malaysia	RM100,000	52	Property development.
Broad Virtual	6 September 2011	Malaysia	RM2	100	Dormant.
Subsidiary of AQRS					
Bright Reach	29 May 2003	Malaysia	RM100	100	Investment holding.
Nusvista	9 November 2009	Malaysia	RM500,000	100	Property development.
Grand Meridian	28 December 2009	Malaysia	RM100,000	100	Property development.
Subsidiary of Bright Reach					
Crystal Aspect	3 March 2000	Malaysia	RM5,000	64.5	Property development.

4. SHARE CAPITAL

As at the date of this Report, the authorised and issued and paid-up share capital of the Company is as follows:

	Number of shares ('000)	RM'000
Ordinary shares of RM0.25 each:		
Authorised	400,000	100,000
Issued and fully paid	293,520	73,380

The Company was incorporated with an authorised share capital of RM100,000,000 comprising 400,000,000 ordinary shares of RM0.25 each.

The details of the changes in the issued and paid-up share capital of the Company since the date of incorporation are as follows:

Date of allotment	Cumulative number of shares allotted	Par value RM	Consideration	Cumulative total issued and fully paid-up share capital RM
20.8.2010	2	1.00	Subscribers' shares	2
1.7.2011	-	0.25	Share Split	8
8.8.2011	130,879,988	0.25	Acquisition of Gabungan Strategik	130,879,996
8.8.2011	128,180,000	0.25	Acquisition of Megah Ikhlas	259,059,996
8.8.2011	34,460,000	0.25	Acquisition of Motibina	293,519,996
8.8.2011	4	0.25	Acquisition of AQRS	293,520,000

Upon completion of the Public Issue, the issued and fully paid-up share capital of the Company will be enlarged to RM88,880,000 comprising 355,520,000 shares of RM0.25 each.

5. DIVIDEND

No dividend was declared by the Company since the date of its incorporation.

6. RELEVANT FINANCIAL PERIODS AND AUDITORS

Set out below are the relevant financial periods of the financial information presented for the purpose of this Report ('Relevant Financial Periods') and the auditors of the respective companies within the Gabungan AQRS Group for the Relevant Financial Periods:

Companies	Relevant Financial Periods	Auditors
Gabungan Strategik	FYE 31 December 2009	K.H. Kwong & Co.
	FYE 31 December 2010	BDO
	FYE 31 December 2011	BDO
Megah Ikhlas	FYE 31 December 2009	K.H. Kwong & Co.
	FYE 31 December 2010	BDO
	FYE 31 December 2011	BDO
AQRS	FYE 30 September 2009	Khoo Wong & Chan
	FPE 31 December 2010	BDO
	FYE 31 December 2011	BDO
Motibina	FYE 31 July 2009	Khoo Wong & Chan
	FYE 31 July 2010	Khoo Wong & Chan
	FPE 31 December 2011	BDO
Bright Reach	FYE 30 September 2009	Khoo Wong & Chan
	FPE 31 December 2010	BDO
	FYE 31 December 2011	BDO
Crystal Aspect	FPE 30 September 2009	Khoo Wong & Chan
	FPE 31 December 2010	BDO
	FYE 31 December 2011	BDO
Grand Meridian	9 November 2009 (date of incorporation) to 31 December 2010	BDO
	FYE 31 December 2011	BDO
Nusvista	28 December 2009 (date of incorporation) to 31 December 2010	BDO
	FYE 31 December 2011	BDO
Prestige	27 December 2010 (date of incorporation) to 31 December 2011	BDO

The audited financial statements of all the companies within the Group for the relevant financial years/periods were not subject to any audit qualification.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

There were no consolidated financial statements prepared for Gabungan AQRS Group for the FYE 31 December 2009 and 2010 as the Group was not in existence as at the end of these financial years.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Accordingly, for the purpose of this Report, we have presented the financial information for each company within Gabungan AQRS Group in Section 9 based on their respective audited financial statements.

Consolidated financial statements have been prepared for the FPE 31 December 2011 as Gabungan AQRS Group came into existence on 8 August 2011.

This Report is prepared on a basis consistent with the accounting policies adopted by the Group as disclosed in Section 7.1 of this Report.

The financial statements of companies within the Gabungan AQRS Group for the FYE 2009 had been previously prepared in accordance with applicable approved Private Entity Reporting Standards in Malaysia ('PERSs'). We have reviewed the relevant financial statements for the conversion to applicable approved Financial Reporting Standards in Malaysia ('FRSs'), prepared for the purpose of this Report. The transition from PERSs to FRSs did not materially affect these companies' reported financial position, financial results and cash flows as at the date of transition. The Group has adopted applicable approved FRSs in Malaysia for the FYE 31 December 2010 onwards and the effects of these adoptions are disclosed in Section 7.2 of this Report.

The financial statements are presented in Ringgit Malaysia ('RM'), which is also the Group's functional currency.

7.1 Significant accounting policies

The significant accounting policies set out below have been applied consistently to all periods presented in the Group's financial statements.

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and 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 Section 7.3 of this Report. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

(b) Basis of consolidation

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

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

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(b) Basis of consolidation (continued)

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

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

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at either fair value or 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 an 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.

The Group has applied the revised FRS 3 Business Combinations in accounting for business combinations from 1 January 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the Standard.

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

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(b) Basis of consolidation (continued)

The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or jointly controlled entity.

(c) Business combinations

Business combinations from 1 January 2011 onwards

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

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

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

(b) liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with FRS 2 *Share-based Payment* at the acquisition date; and

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

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

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

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of FRS 139 are recognised either in profit or loss or in other comprehensive income in accordance with FRS 139. All other subsequent changes are recognised in profit or loss.

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Section 7.1(j). 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.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(c) Business combination (continued)

Business combinations before 1 January 2011

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

At the acquisition date, the cost of business combination is allocated to identifiable assets acquired, liabilities assumed and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill (see Section 7.1(j) on goodwill). If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

(a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination; and

(b) recognise immediately in profit or loss any excess remaining after that reassessment.

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

(d) 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 will flow to the Group and the cost of the asset can 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.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(d) Property, plant and equipment and depreciation (continued)

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

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

At the end of each reporting date, 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 Section 7.1(l)(ii) 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.

(e) Leases and hire-purchase

(a) Finance lease and hire-purchase

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

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

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(e) Leases and hire-purchase (continued)

(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.

(f) Property development activities

(a) Land held for property development

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

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

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

(b) Property development costs

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

Property development costs not recognised as an expense are recognised as an asset and are stated 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.

(g) Construction contracts

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

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

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(h) 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. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less accumulated depreciation and any impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Section 7.1(d).

For leasehold land and building, depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life of 50 years.

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 statement of comprehensive income in the period of the retirement or disposal.

(i) Investments

(a) Subsidiaries

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

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

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

(b) Jointly controlled entities

A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entities over which there is contractually agreed sharing of joint control over the economic activity of the entity. Joint control exists when the strategic financial and operational decisions relating to the activity require the unanimous consent of all the parties sharing control.

In the Company's separate financial statements, an investment in jointly controlled entities is stated at cost less impairment losses, if any.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(i) Investments (continued)

(b) Jointly controlled entities (continued)

The investment in jointly controlled entity is accounted for in the consolidated financial statements using the equity method of accounting. The Group's share of the profit or loss of the jointly controlled entity 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 joint control commences until the date that joint control ceases.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. When necessary, in applying the equity method, adjustments are made to the financial statements of the jointly controlled entity to ensure consistency of accounting policies with those of the Group.

Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of the jointly controlled entity to ensure consistency of accounting policies with those of the Group.

Upon disposal of such investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

(j) Goodwill

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

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(k) 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.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(k) Financial instruments (continued)

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.

(i) Financial assets

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

(a) 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.

(b) 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.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(k) Financial instruments (continued)

(i) Financial assets (continued)

(b) Loans and receivables (continued)

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 held-to-maturity are recognised in profit or loss when the financial assets are derecognised or impaired, and through the amortisation process.

(c) 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 Grooup 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.

(d) Available-for-sale financial assets

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

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

Cash and cash equivalents include cash and bank balances, bank overdrafts, 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.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Financial liabilities (continued)

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

(a) 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.

(b) 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.

The 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 secured as insurance contracts as defined in FRS 4 *Insurance Contracts*.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(k) Financial instruments (continued)

(ii) Financial liabilities (continued)

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 will 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 shall assess 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.

(iii) Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group 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 owner of the Group at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at 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.

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are issued by resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

(l) Impairment

(i) Financial assets

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

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(l) Impairment (continued)

(i) Financial assets (continued)

(a) 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 to determine whether there is objective evidence that an impairment loss on loans and receivables has occurred. Other objective evidence of impairment include historical collection rates determined on an individual basis and observable changes in national or local economic conditions that are directly correlated with the historical default rates of receivables.

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

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

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

(b) Available for sale financial assets

The Company 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 to 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.

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

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(l) Impairment (continued)

(ii) Non-financial assets

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

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

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

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

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

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

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

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

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

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(m) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying 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 year less any investment income on the temporary investment of the borrowing.

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

(n) Income taxes

Taxes in the statement of comprehensive income comprise current tax and deferred tax.

(i) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the end of the reporting date.

(ii) Deferred tax

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

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

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

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(n) Income taxes (continued)

(ii) Deferred tax (continued)

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

(a) the same taxable entity; or

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

Deferred tax will 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 accounting year, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities should be 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 tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

(o) 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 will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will 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 each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

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

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(p) Contingent liabilities and contingent assets

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

A contingent asset is a possible asset that arises from past events whose existence will 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.

(q) Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have 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.

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

(r) 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 will 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, as follows:

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(r) Revenue recognition (continued)

(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 reporting period. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

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

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

(b) Construction contracts

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

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

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

(c) Interest income

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

(d) Rental income

Rental income is recognised on an accrual basis.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(s) Operating segments

Operating segments are defined as components of the Group that:

(i) Engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(ii) Whose operating results are regularly reviewed by the Group's chief operating decision maker (ie. the Group's Chief Executive Officer) in making decisions about resources to be allocated to the segment and assessing its performance; and

(iii) 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 that meets any of the following quantitative thresholds:

(i) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten (10) per cent or more of the combined revenue, internal and external, of all operating segments.

(ii) The absolute amount of its reported profit or loss is ten (10) per cent or more of the greater, in absolute amount of:

(a) The combined reported profit of all operating segments that did not report a loss; and

(b) The combined reported loss of all operating segments that reported a loss.

(iii) Its assets are ten (10) per cent 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 (75) percent of the Group's revenue. 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.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.1 Significant accounting policies (continued)

(t) 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 period.

(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 period adjusted for the effects of dilutive potential ordinary shares.

7.2 Adoption of New FRSs and Amendments to FRSs

7.2.1 New FRSs and Amendments to FRSs adopted during the financial period/year

On 8 August 2011, the Group has adopted all the following FRSs and Amendments to FRSs:

FRS 1	*First-time Adoption of Financial Reporting Standards*
FRS 2	*Share-based Payment*
FRS 3	*Business Combinations*
FRS 4	*Insurance Contracts*
FRS 5	*Non-current Assets Held for Sale and Discontinued Operations*
FRS 6	*Exploration for and Evaluation of Mineral Resources*
FRS 7	*Financial Instruments: Disclosures*
FRS 8	*Operating Segments*
FRS 101	*Presentation of Financial Statements*
FRS 102	*Inventories*
FRS 107	*Statement of Cash Flows*
FRS 108	*Accounting Policies, Change in Accounting Estimates and Errors*
FRS 110	*Events after the Reporting period*
FRS 111	*Construction Contracts*
FRS 112	*Income Taxes*
FRS 116	*Property, Plant and Equipment*
FRS 117	*Leases*
FRS 118	*Revenue*
FRS 119	*Employee Benefits*
FRS 119	*Amendment to Financial Reporting Standard FRS 119 Employee Benefits - Actuarial Gains and Losses, Company Plans and Disclosures*
FRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*
FRS 121	*The Effects of Changes in Foreign Exchange Rates*
FRS 123	*Borrowing Costs*
FRS 124	*Related Party Disclosures*
FRS 126	*Accounting and Reporting by Retirement Benefit Plans*
FRS 127	*Consolidated and Separate Financial Statements*
FRS 128	*Investments in Associates*
FRS 129	*Financial Reporting in Hyperinflationary Economies*
FRS 131	*Interests in Joint Ventures*
FRS 132	*Financial Instruments: Presentation*
FRS 133	*Earnings Per Share*

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs

7.2.1 New FRSs and Amendments to FRSs adopted during the financial period/year

On 8 August 2011, the Group has adopted all the following FRSs and Amendments to FRSs: (continued)

FRS 134	*Interim Financial Reporting*
FRS 136	*Impairment of Assets*
FRS 137	*Provisions, Contingent Liabilities and Contingent Assets*
FRS 138	*Intangible Assets*
FRS 139	*Financial Instruments: Recognition and Measurement*
FRS 140	*Investment Property*
FRS 201_{2004}	*Property Development Activities*
FRS 202_{2004}	*General Insurance Business*
FRS 203_{2004}	*Life Insurance Business*
FRS 204_{2004}	*Accounting for Aquaculture*
FRS i-1_{2004}	*Presentation of Financial Statements of Islamic Financial Institutions*
Amendments to FRS 1	*Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemption for First-time Adopters*
Amendments to FRS 2	*Share-based Payment and Group Cash-settled Share-based Payment Transcations*
Amendments to FRS 3	*Business Cambinations*
Amendments to FRS 5	*Non-current Assets Held for Sale and Discontinued Operations*
Amendments to FRS 7	*Improving Disclosures about Financial Instruments*
Amendments to FRS 8	*Operating Segments*
Amendments to FRS 101	*Presentation of Financial Statements*
Amendments to FRS 107	*Statement of Cash Flows*
Amendments to FRS 108	*Accounting Policies, Change in Accounting Estimates and Errors*
Amendments to FRS 110	*Events after the Reporting Period*
Amendments to FRS 116	*Property, Plant and Equipment*
Amendments to FRS 117	*Leases*
Amendments to FRS 118	*Revenue*
Amendments to FRS 119	*Employee Benefits*
Amendments to FRS 120	*Accounting for Government Grants and Disclosure of Government Assistance*
Amendments to FRS 121	*The Effects of Changes in Foreign Exchange Rates-Net investment in a foreign operation*
Amendments to FRS 123	*Borrowing Costs*
Amendments to FRS 127	*Consolidated and Separate Financial Statements*
Amendments to FRS 128	*Investments in Associates*
Amendments to FRS 129	*Financial Reporting in Hyperinflationary Economies*
Amendments to FRS 131	*Interests in Joint Ventures*
Amendments to FRS 132	*Financial Instruments: Presentation*
Amendments to FRS 134	*Interim Financial Reporting*
Amendments to FRS 136	*Impairment of Assets*
Amendments to FRS 138	*Intangible Assets*
Amendments to FRS 139	*Financial Instruments: Recognition and Measurement*
Amendments to FRS 140	*Investment Property*
Amendments to IC Interpretation 9	*Reassessment of Embedded Derivatives*
Amendments to IC Interpretation 13	*Customer Loyalty Programmes*

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs

7.2.1 New FRSs and Amendments to FRSs adopted during the financial period/year

On 8 August 2011, the Group has adopted all the following FRSs and Amendments to FRSs: (continued)

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 IAS 29 Financial Reporting in Hyperinflationary Economies*
IC Interpretation 8	*Scope of FRS 2 Share-based Payment*
IC Interpretation 10	*Interim Financial Reporting and Impairment*
IC Interpretation 11	*FRS 2 - Group and Treasury Share Transaction*
IC Interpretation 12	*Service Concessian Arrangements*
IC Interpretation 13	*Customer Royalty Programmes*
IC Interpretation 14	*FRS 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 18	*Transfers of Assets from Customers*
IC Interpretation 20	*Stripping Costs in the Production Phase of a Surface Mine*
IC Interpretation 107	*Introduction of 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 Ventures*
IC Interpretation 115	*Operating Leases - Incentives*
IC Interpretation 121	*Income Taxes - Recovery of Revalued Non-Depreciable Assets*
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	*Disclosure - Service Concession Arrangements*
IC Interpretation 131	*Reserve - Barter Transactions Involving Advertising Transactions*
IC Interpretation 132	*Intangible Assets - Web Site Costs*
IC Interpretation 201	*Preliminary and Pre-operating Expenditure*

The adoption of the above FRSs and Amendments to FRSs does not have any impact on the financial statements of the Group other than the form of presentation and disclosure.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs (continued)

7.2.2 New FRSs that have been issued, but not yet effective and not yet adopted

(a) Amendments to IC Interpretation 14 *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* are mandatory for annual periods beginning on or after 1 July 2011.

These Amendments clarify that if there is a minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions shall include any amount that reduces future minimum funding requirement contributions for future service because of the prepayment made.

The Group does not expect any impact on the financial statements arising from the adoption of these Amendments.

(b) IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments* is mandatory for annual periods beginning on or after 1 July 2011.

This Interpretation applies to situations whereby equity instruments are issued to a creditor to extinguish all or part of a recognised financial liability. Such equity instruments shall be measured at fair value, and the difference between the carrying amount of the financial liability extinguished and the consideration paid shall be recognised in profit or loss.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

(c) FRS 124 *Related Party Disclosures* and the consequential amendments to FRS 124 are mandatory for annual periods beginning on or after 1 January 2012.

This revised Standard simplifies the definition of a related party and eliminates certain inconsistencies within the superseded version. In addition to this, transactions and balances with government-related entities are broadly exempted from the disclosure requirements of the Standard.

The Group expects to reduce related party disclosures in respect of transactions and balances with government-related entities upon adoption of this standard.

(d) Amendments to FRS 112 *Deferred Tax: Recovery of Underlying Assets* are mandatory for annual periods beginning on or after 1 January 2012.

These Amendments apply to the measurement of deferred tax liabilities and deferred tax assets when investment properties are measured using the fair value model under FRS 140 *Investment Property*. The Amendments introduce a rebuttable presumption that an investment property measured at fair value is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The Group does not expect any impact on the financial statements arising from the adoption of these Amendments.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs (continued)

7.2.2 New FRSs that have been issued, but not yet effective and not yet adopted (continued)

(e) Amendments to FRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters* are mandatory for annual periods beginning on or after 1 January 2012.

These Amendments include two changes to FRS 1 *First-time adoption of Financial Reporting Standards*. The first amendment replaces references to a fixed date of 1 January 2006 with 'the date of transition to FRSs', thus eliminating the need for entities adopting FRSs for the first time to restate derecognition transactions that occurred before the date of transition to FRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with FRSs after a period when the entity was unable to comply with FRSs because its functional currency was subject to severe hyperinflation.

The Group does not expect any impact on the financial statements arising from the adoption of these Amendments.

(f) Amendments to FRS 7 *Disclosures - Transfers of Financial Assets* are mandatory for annual periods beginning on or after 1 January 2012.

These Amendments amended the required disclosures to help users of financial statements evaluate the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position.

The Group does not expect any impact on the financial statements arising from the adoption of these Amendments.

(g) Amendments to FRS 101 *Presentation of Items of Other Comprehensive Income* are mandatory for annual periods beginning on or after 1 July 2012.

These Amendments requires the Group to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments) or otherwise. It does not change the option to present items of other comprehensive income either before tax or net of tax. However, if the items are presented before tax, then the tax related to each of the two groups of other comprehensive income items shall be shown separately.

The Group does not expect any impact on the financial statements arising from the adoption of these Amendments.

(h) FRS 10 *Consolidated Financial Statements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. An investor controls an investee when it 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. The investor is required to reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs (continued)

7.2.2 New FRSs that have been issued, but not yet effective and not yet adopted (continued)

(i) FRS 11 *Joint Arrangements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are classified into two types; joint operations and joint ventures. A joint operation is a joint arrangement whereby joint operators have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangements. A joint operator recognises and measures the assets and liabilities in relation to its interest in the arrangement in accordance with applicable relevant FRS whereas a joint venture recognises the investment using the equity method of accounting.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(j) FRS 12 *Disclosure of Interests in Other Entities* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard establishes disclosure objectives and requirements that enable users of financial statements to evaluate the nature of, and risks associated with, the Group's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows. If the minimum disclosures required in this Standard are not sufficient to meet the disclosure objectives, the Group is expected to disclose whatever additional information that is necessary to meet that objective.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(k) FRS 13 *Fair Value Measurements* is mandatory for annual periods beginning on or after 1 January 2013.

This Standard applies to FRS that requires or permits fair value measurements or disclosures about fair value measurements. It explains how to measure fair value for financial reporting and does not require fair value measurements in addition to those already required or permitted by other FRS. Fair value is defined 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 (i.e. an exit price). The definition of fair value is a market-based measurement and not an entity-specific measurement whereby assumptions made by market participants would be used when pricing the asset or liability under current market conditions. Consequently, the Group's intention to hold an asset or to settle or fulfil a liability is not relevant when measuring fair value.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs (continued)

7.2.2 New FRSs that have been issued, but not yet effective and not yet adopted (continued)

(l) FRS 127 *Separate Financial Statements (revised)* is mandatory effective for annual periods beginning on or after 1 January 2013.

This revised Standard contains accounting requirements for investments in subsidiaries, joint ventures and associates when separate financial statements are prepared. The Group is required to account for those investments either at cost or in accordance with FRS 9 in the separate financial statements.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

(m) FRS 128 *Investments in Associates and Joint Ventures (revised)* is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard defines the equity method of accounting whereby the investment in an associate or joint venture is initially measured at cost and adjusted thereafter for the post-acquisition change in the investor's share of net assets of the investee. The profit or loss of the investor includes its share of the profit or loss of the investee and the other comprehensive income of the investor includes its share of other comprehensive income of the investee.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(n) FRS 119 *Employee Benefits (revised)* is mandatory for annual periods beginning on or after 1 January 2013.

This revised Standard requires the Group to recognise all changes in the defined benefit obligations and in the fair value of related plan assets when those changes occur. The Group is also required to split the changes in the net defined benefit liability or asset into the following three components: service cost (presented in profit or loss), net interest on the net defined benefit liability (presented in profit or loss) and remeasurement of the net defined benefit liability (presented in other comprehensive income and not recycled through profit or loss).

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(o) IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* is mandatory for annual periods beginning on or after 1 January 2013.

This Interpretation clarifies that removed material that can be used to build up inventory is accounted for in accordance with the principles of MFRS 102 *Inventories*. The other removed material, that provides access to deeper levels of material that will be mined in future periods, is recognised as a non-current asset (referred to as a 'stripping activity asset') if recognition criteria are met. This Interpretation requires stripping activity assets to be measured at cost at initial recognition. Consequently, they are carried either at cost or revalued amount less depreciation or amortisation and any impairment losses.

The Group does not expect any impact on the financial statements arising from the adoption of this Interpretation.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs (continued)

7.2.2 New FRSs that have been issued, but not yet effective and not yet adopted (continued)

(p) Amendments to FRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities* are mandatory for annual periods beginning on or after 1 January 2013.

These Amendments require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2013.

(q) Amendments to FRS 132 *Offsetting Financial Assets and Financial Liabilities* are mandatory for annual periods beginning on or after 1 January 2014.

These Amendments provide application guidance for the criteria to offset financial assets and financial liabilities.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2014.

(r) FRS 9 *Financial Instruments* is mandatory for annual periods beginning on or after 1 January 2015.

This Standard addresses the classification and measurement of financial assets and financial liabilities. All financial assets shall be classified on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Financial assets are subsequently measured at amortised cost or fair value. Financial liabilities are subsequently measured at amortised cost or fair value. However, changes due to own credit risk in relation to the fair value option for financial liabilities shall be recognised in other comprehensive income.

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

(s) Mandatory Effective Date of FRS 9 and Transition Disclosures is effective immediately upon adoption of FRS 9.

These Amendments modify the effective date of FRS 9 from 1 January 2013 to 1 January 2015. Transitional provisions in FRS 9 were also amended to provide certain relief from retrospective adjustments.

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

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs (continued)

7.2.3 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2013

On 19 November 2011, the Malaysian Accounting Standards Board ('MASB') announced the issuance of the new MFRS framework that is applicable to entities other than private entities. However, the Group has elected for the continued use of FRS for the financial year ending 31 December 2012 as a transitioning entity affected by the scope of MFRS 141 and IC Interpretation 15. The Group would subsequently adopt the MFRS framework for the financial year ended 31 December 2013.

The subsequent adoption of the MFRS framework would result in the Group preparing an opening MFRS statement of financial position as at 1 January 2012 which adjusts for differences between the classification and measurement bases in the existing FRS framework versus that in the new MFRS framework. This would also result in a restatement of the annual financial performance for the financial year ending 31 December 2012 in accordance with MFRS which would form the MFRS comparatives for the financial year ending 31 December 2013.

The MFRSs and IC Interpretations expected to be adopted are as follows:

MFRS 1 *First-time Adoption of Financial Reporting Standards*
MFRS 2 *Share-based Payment*
MFRS 3 *Business Combination*
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*
MFRS 8 *Operating Segments*
MFRS 9 *Financial Instruments*
MFRS 10 *Consolidated Financial Statements*
MFRS 11 *Joint Arrangements*
MFRS 12 *Disclosure of Interests in Other Entities*
MFRS 13 *Fair Value Measurement*
MFRS 101 *Presentation of Financial Statements*
Amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income*
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 111 *Construction Contacts*
MFRS 112 *Income Taxes*
MFRS 116 *Property, Plant and Equipment*
MFRS 117 *Leases*
MFRS 118 *Revenue*
MFRS 119 *Employee Benefits*
MFRS 119 *Employee Benefits (revised)*
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 *Consolidated and Separate Financial Statements*
MFRS 127 *Separate Financial Statements*
MFRS 128 *Investments in Associates*

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs (continued)

7.2.3 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2013 (continued)

The MFRSs and IC Interpretations expected to be adopted are as follows (continued):

MFRS 128 *Investments in Associates and Jaint Ventures*
MFRS 129 *Financial Reparting in Hyperinflationary Economies*
MFRS 131 *Interests in Joint Ventures*
MFRS 132 *Financial Instruments: Presentatian*
MFRS 133 *Earnings Per Share*
MFRS 134 *Interim Financial Reparting*
MFRS 136 *Impairment af Assets*
MFRS 137 *Pravisions, Contingent Liabilities and Contingent Assets*
MFRS 138 *Intangible Assets*
MFRS 139 *Financial Instruments: Recagnition and Measurement*
MFRS 140 *Investment Praperty*
MFRS 141 *Agriculture*
Improvements to MFRSs
Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*
Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities Mandatory Effective Date of MFRS 9 and Transition Disclosures*
IC Interpretation 1 *Changes in Existing Decammissioning, 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 13 *Customer Loyalty Programmes*
IC Interpretation 14 *MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IC Interpretation 15 *Agreements for the Construction of Real Estate*
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
IC Interpretation 18 *Transfers of Assets from Customers*
IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
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 129 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*
IC Interpretation 131 *Revenue - Barter Transactions Involving Advertising Services*
IC Interpretation 132 *Intangible Assets - Web Site Costs*

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs (continued)

7.2.3 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2013 (continued)

Technical Release 3 *Guidance on Disclosures of Transition to IFRSs* ('TR 3') provides voluntary disclosure requirements on the potential impact of adoption of MFRSs. However, the Group is unable to quantify the impact of implementing Malaysian Financial Reporting Framework since the effects would only be observable for the financial year ending 31 December 2013. Nonetheless, the potential impact arising from differences between the current FRS framework versus the MFRS framework are as follows:

(a) FRS 116 contains an additional disclosure to require an entity to disclose if it had applied the transitional provision provided by the MASB when FRS 116 was first adopted in 1998. The said transitional provision allowed an entity to carry the asset's revalued amount as surrogate cost.

However, MFRS 116 does not have similar requirements for such a transition.

(b) FRS 117 contains two (2) transitional provisions, one of which is in relation to the transition from MASB 10 *Leases* to FRS 117:

i. An entity that had previously classified its leasehold land as property, plant and equipment shall reclassify the unamortised carrying amount as operating lease.

If the entity had previously revalued such leasehold land, the entity shall retain the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments.

However, MFRS 117 does not have this transitional provision as the requirement to treat leasehold land as operating lease was already prescribed in IAS 17 *Leases*.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 *Accounting Policies, Changes in Estimates and Errors* when it first applied the revised Standard.

However, MFRS 117 does not have similar requirements for such a transition.

(c) FRS 121 mandates the use of Ringgit Malaysia as the presentation currency in accordance with the Companies Act, 1965. However, MFRS 121 does not have such a similar requirement.

(d) FRS 139 contains two (2) transitional provisions, namely:

i. Transitional provision for first-time adoption of FRS 139 which prohibits retrospective application and instead, requires an initial application of the recognition, classification and measurement on the effective date of the Standard.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the revised Standard.

However, MFRS 139 does not have similar requirements for such a transition.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs (continued)

7.2.3 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2013 (continued)

(e) FRS 140 contains an additional disclosure to require an entity to disclose that it had applied the transitional provision provided by the MASB in 1998. The same transitional provision allowed an entity to carry the asset's revalued amount as surrogate cost.

However, MFRS 140 does not have similar requirements for such a transition.

(f) FRS 4 contains a transitional provision that an entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, MFRS 4 does not have similar requirements for such a transition.

(g) FRS 7 contains two (2) transitional provisions:

i. An entity is not required to present any comparative disclosures required by the Standard when it first applied the Standard.

ii. An entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, MFRS 7 does not have similar requirements for such a transition.

(h) IC Interpretation 12 contains a transitional provision that an entity need not disclose the effect of impending changes of accounting standards required under FRS 108 when it first applied the Standard.

However, IC 12 does not have similar requirements for such a transition.

(i) MFRS 141 *Agriculture* is mandatory for annual period beginning on or after 1 January 2013.

This Standard prescribes the accounting treatment, financial statement presentation, and disclosures related to agricultural activity. It requires measurement at fair value less costs to sell from initial recognition of biological assets up to the point of harvest, other than when fair value cannot be measured reliably on initial recognition. This Standard requires that a change in fair value less costs to sell of a biological asset be included in profit or loss for the period in which it arises.

The Group does not expect any impact on the financial statements arising from the adoption of this Standard.

(j) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 January 2013.

This Interpretation applies to the accounting for revenue and associated expenses by entities undertaking construction or real estate directly or via subcontractors. Within a single agreement, the Group may contract to deliver goods or services in addition to the construction of real estate. Such an agreement shall therefore, be split into separately identifiable components.

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.2 Adoption of New FRSs and Amendments to FRSs (continued)

7.2.3 New Malaysian Financial Reporting Standards ('MFRS') that have been issued, but not yet effective and not yet adopted, for annual periods beginning on or after 1 January 2013 (continued)

(j) IC Interpretation 15 *Agreements for the Construction of Real Estate* is mandatory for annual periods beginning on or after 1 January 2013 (continued).

An agreement for the construction of real estate shall be accounted for in accordance with FRS 111 if the buyer is able to specify the major structural elements of the design of the real estate before construction begins and/or specify major structural changes once construction is in progress. Accordingly, revenue shall be recognised by reference to the stage of completion of the contract.

An agreement for the construction of real estate in which buyers only have limited ability to influence the design of the real estate or to specify only minor variations to the basic designs is an agreement for the sale of goods in accordance with FRS 118. Accordingly, revenue shall be recognised by reference to the criteria in paragraph 14 of FRS 118 (e.g. transfer of significant risks and rewards, no continuing managerial involvement nor effective control, reliable measurement, etc.).

At the end of the reporting period, the Group recognises revenue and associated costs from the construction of real estate by reference to the stage of completion of the construction works. The Group is in the process of assessing the impact of implementing this Interpretation since the effects would only be observable for the financial year ending 31 December 2013.

(k) Amendments to MFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities* are mandatory for annual periods beginning on or after 1 January 2013.

These Amendments require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2013.

(l) Amendments to MFRS 132 *Offsetting Financial Assets and Financial Liabilities* are mandatory for annual periods beginning on or after 1 January 2014.

These Amendments provide application guidance for the criteria to offset financial assets and financial liabilities.

The Group is in the process of assessing the impact of implementing these Amendments since the effects would only be observable for the financial year ending 31 December 2014.

(m) Mandatory *Effective Date of MFRS 9 and Transition Disclosures* is effective immediately upon adoption of FRS 9.

These Amendments modify the effective date of MFRS 9 from 1 January 2013 to 1 January 2015. Transitional provisions in MFRS 9 were also amended to provide certain relief from retrospective adjustments.

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

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.3 Significant accounting estimates and judgements

7.3.1 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.

7.3.2 Critical judgements made in applying accounting policies

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

7.3.3 Key sources of estimation uncertainty

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

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

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

(b) Impairment losses on receivables

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

(c) Property development

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

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

7. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7.3 Significant accounting estimates and judgements (continued)

7.3.3 Key sources of estimation uncertainty (continued)

(d) Construction

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

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

(e) Fair values of borrowings

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

(f) Income taxes

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

(g) Contingent liabilities

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

8. FINANCIAL INFORMATION AND LIMITATION

The financial information of Gabungan AQRS, Gabungan Strategik, Megah Ikhlas, AQRS, Motibina, Prestige, Bright Reach, Crystal Aspect, Nusvista and Grand Meridian as presented in Section 9.1 to Section 9.10, are based on their respective audited financial statements, with appropriate adjustments and reclassifications made for the purpose of this Report.

The scope of work conducted in the preparation of this Report does not constitute an audit in accordance with the approved standards on auditing in Malaysia.

All information are extracted from the audited financial statements except those in *italics*, which are prepared based on calculation, management accounts, representation and/or explanation provided by the management of the Group.

9. HISTORICAL FINANCIAL INFORMATION

9.1 Gabungan AQRS

9.1.1 Statements of comprehensive income of Gabungan AQRS

The statements of comprehensive income of Gabungan AQRS, which are extracted from the audited financial statements for the FPE 31 December 2010 and the FYE/FPE 31 December 2011, are set out below:

		Company		Group
	Section	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000	FPE 31 Dec 2011 RM'000
Revenue	9.1.5	-	-	236,794
Cost of sales	9.1.6	-	-	(162,688)
Gross profit		-	-	74,106
Other income		-	26	12,379
Operating costs		(909)	(2,201)	(16,214)
Finance costs		-	-	(2,169)
(Loss)/Profit before tax	9.1.7	(909)	(2,175)	68,102
Tax expense	9.1.8	-	-	(17,095)
(Loss)/Profit for the financial period/year		(909)	(2,175)	51,007
Other comprehensive income		-	-	-
Total comprehensive loss/income		(909)	(2,175)	51,007
Attributable to:				
Owners of the parent		(909)	(2,175)	49,786
Non-controlling interest		-	-	1,221
		(909)	(2,175)	51,007

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.1 Statements of comprehensive income of Gabungan AQRS (continued)

	Company		Group
	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000	FPE 31 Dec 2011 RM'000
(Losses)/Earnings before interest, tax, depreciation and amortisation ('(LBITDA)/EBITDA') (RM'000)	*(909)*	*(2,175)*	*69,830*
Number of ordinary shares of RM1.00/RM0.25 each ('000)	*-**	*293,520*	*293,520*
Gross (losses)/earnings per share (RM)	*(455)*	*(0.01)*	*0.23*
Net (losses)/earnings per share (RM)	*(455)*	*(0.01)*	*0.17*
Gross profit ('GP') margin (%)	*N/A*	*N/A*	*31.30*
Profit before tax margin (%)	*N/A*	*N/A*	*28.76*
EBITDA margin (%)	*N/A*	*N/A*	*29.49*
Effective tax rate (%)	*N/A*	*N/A*	*25.10*

N/A : Not applicable
* Represent RM2

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.2 Statements of financial position of Gabungan AQRS

The statements of financial position of Gabungan AQRS, which are extracted from the audited financial statements for the the FPE 31 December 2010 and the FYE/FPE 31 December 2011, are set out below:

		Company		Group
	Section	As at 31 Dec 2010 RM'000	As at 31 Dec 2011 RM'000	As at 31 Dec 2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	9.1.9	-	-	8,485
Land held for property development	9.1.10	-	-	31,582
Investments in subsidiaries	9.1.11	-	73,640	-
Other investments	9.1.12	-	-	2
		-	73,640	40,069
Current assets				
Property development costs	9.1.13	-	-	113,215
Trade and other receivables	9.1.14	-	9,371	204,225
Cash and cash equivalents	9.1.15	-*	1,274	50,955
		-*	10,645	368,395
TOTAL ASSETS		-*	84,285	408,464
EQUITY AND LIABILITIES				
Equity attributable to owners of Gabungan AQRS				
Share capital	9.1.16	-*	73,380	73,380
(Accumulated losses)/Retained earnings		(909)	(3,085)	48,877
		(909)	70,295	122,257
Non-controlling interest		-	-	1,452
(DEFICIT IN EQUITY)/TOTAL EQUITY		(909)	70,295	123,709

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.2 Statements of financial position of Gabungan AQRS (continued)

	Section	Company As at 31 Dec 2010 RM'000	Company As at 31 Dec 2011 RM'000	Group As at 31 Dec 2011 RM'000
LIABILITIES				
Non-current liabilities				
Borrowings	9.1.17	-	-	28,999
Deferred tax liabilities	9.1.19	-	-	2,241
		-	-	31,240
Current liabilities				
Trade and other payables	9.1.20	909	13,990	197,782
Current tax liabilities		-	-	16,984
Borrowings	9.1.17	-	-	38,749
		909	13,990	253,515
TOTAL LIABILITIES		909	13,990	284,755
TOTAL EQUITY AND LIABILITIES		-*(1)	84,285	408,464
No. of ordinary shares of RM1.00/RM0.25 each in issue ('000)		-*(2)	*293,520*	*293,520*
Net (liabilities)/assets (RM'000)(3)*		*(909)*	*70,295*	*122,257*
Net (liabilities)/assets per ordinary share of RM1.00/RM0.25 each (RM)		*(455)*	*0.24*	*0.42*
Trade receivables' turnover period (days)		*N/A*	*N/A*	*251.27*
Trade payables' turnover period (days)		*N/A*	*N/A*	*361.49*
Gearing ratio (times)		*N/A*	*N/A*	*0.55*

N/A : Not applicable
*(1) Represent RM2
*(2) Represent 2
*(3) Excluding non-controlling interest

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.3 Statements of cash flows of Gabungan AQRS

The statements of cash flows of Gabungan AQRS, which are extracted from the audited financial statements for the FPE 31 December 2010 and the FYE/FPE 31 December 2011, are set out below:

		Company		Group
	Section	As at 31 Dec 2010 RM'000	As at 31 Dec 2011 RM'000	As at 31 Dec 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax		(909)	(2,175)	68,102
Adjustments for:				
Depreciation of property, plant and equipment	9.1.9	-	-	628
Gain on bargain purchase		-	-	(11,513)
Gain on disposal of property, plant and equipment		-	-	(147)
Impairment loss on other investments		-	-	3
Interest expense		-	-	2,315
Interest income		-	-	(567)
Property, plant and equipment written off	9.1.9	-	-	1
Operating (loss)/profit before changes in working capital		(909)	(2,175)	58,822
Changes in working capital:				
Property development costs		-	-	(17,253)
Trade and other receivables		-	(25)	(41,018)
Trade and other payables		909	(727)	29,958
Cash (used in)/generated from operations		-	(2,927)	30,509
Interest paid		-	-	(2,263)
Interest received		-	-	567
Tax paid		-	-	(6,700)
Tax refunded		-	-	707
Net cash (used in)/from operating activities		-	(2,927)	22,820

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.3 Statements of cash flows of Gabungan AQRS (continued)

	Section	Company		Group
		As at 31 Dec 2010 RM'000	As at 31 Dec 2011 RM'000	As at 31 Dec 2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances to subsidiaries		-	(9,346)	-
Acquisition of subsidiaries, net of cash and cash equivalents acquired	9.1.25	-	(52)	(12,779)
Acquisition of additional interest in a subsidiary		-	(208)	-
Purchase of property, plant and equipment	9.1.9	-	-	(788)
Proceeds from disposal of property, plant and equipment		-	-	202
Net cash used in investing activities		-	(9,606)	(13,365)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from subsidiaries		-	13,807	-
Drawdown of bridging loan		-	-	454
Interest paid		-	-	(52)
Proceeds from issuance of shares	9.1.16	-*	-	-
Repayments of term loans		-	-	(5,691)
Repayments to hire-purchase creditors		-	-	(88)
Withdrawal of fixed deposits pledged		-	-	3,532
Net cash from/(used in) financing activities		-*	13,807	(1,845)
Net increase in cash and cash equivalents		-*	1,274	7,610
Cash and cash equivalents at date of incorporation/at beginning of financial period/year		-	-*	-*
Cash and cash equivalents at end of financial period/year	9.1.15	-*	1,274	7,610

* Represent RM2

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.4 Statements of changes in equity of Gabungan AQRS

The statements of changes in equity of Gabungan AQRS, which are extracted from the audited financial statements for the FPE 31 December 2010 and the FYE 31 December 2011, are set out below:

	Group				
	Share capital RM'000	Accumulated earnings RM'000	Total attributable to owners of the parent RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance as at 8 August 2011	-*	(909)	(909)	-	(909)
Transactions with owners					
Issuance of new ordinary shares	73,380	-	73,380	-	73,380
Non-controlling interest arising on business combinations	-	-	-	231	231
	73,380	-	73,380	231	73,611
Profit for the financial period/Total comprehensive income	-	49,786	49,786	1,221	51,007
Balance as at 31 December 2011	73,380	48,877	122,257	1,452	123,709

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.4 Statements of changes in equity of Gabungan AQRS (continued)

	Company		
	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Balance as at 20 August 2010 (date of incorporation)	-*	-	-*
Loss for financial year/Total comprehensive loss	-	(909)	(909)
Balance as at 31 December 2010	-*	(909)	(909)
Transaction with owners			
Issuance of new ordinary shares	73,380	-	73,380
Loss for the financial year/Total comprehensive loss	-	(2,176)	(2,176)
Balance as at 31 December 2011	73,380	(3,085)	70,295

* Represent RM2

9.1.5 Revenue

	Group FPE 31 Dec 2011 RM'000
Property development revenue	63,874
Contract revenue	172,920
	236,794

9.1.6 Cost of sales

	Group FPE 31 Dec 2011 RM'000
Property development costs	8,258
Contract costs	154,430
	162,688

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.7 (Loss)/Profit before tax

	Company		Group
	FPE	FYE	FPE
	31 Dec 2010	31 Dec 2011	31 Dec 2011
	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging:			
Auditors' remuneration:			
- statutory	30	30	123
- other services	280	300	300
Depreciation of property, plant and equipment	-	-	628
Directors' remuneration paid to:			
Directors of the Company			
- payable by Company	-	63	63
- payable by subsidiaries	-	-	843
Directors of the subsidiaries			
- fee	-	-	3
- other emoluments	-	-	341
Impairment losses on other investments	-	-	3
Interest expenses on:			
- hire-purchase	-	-	52
- bank overdrafts	-	-	160
- term loans	-	-	1,450
- revolving credit	-	-	5
Property, plant and equipment written off	-	-	1
Rental of:			
- copier	-	-	1
- premises	-	-	187
- office equipment	-	-	4
And crediting:			
Gain on bargain purchase (included in other income)	-	-	11,513
Gain on disposal of property, plant and equipment	-	-	147
Interest income from:			
- fixed deposits	-	-	537
- housing development account	-	-	30
Rental income	-	-	40

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.8 Tax expense

	Group FPE 31 Dec 2011 RM'000
Income tax expense based on profit for the financial period	16,911
Over provision in prior year	(144)
	16,767
Deferred tax (Section 9.1.19)	
Relating to origination and reversal of temporary differences	252
Under provision in prior year	76
	328
	17,095

The Malaysian income tax is calculated at the statutory tax rate of 25% (2010: 25%) of the estimated taxable profits for the fiscal year

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

	Company FPE 31 Dec 2010 RM'000	Company FYE 31 Dec 2011 RM'000	Group FPE 31 Dec 2011 RM'000
(Loss)/Profit before tax	(909)	(2,175)	68,102
Tax at Malaysian statutory tax rate of 25% (2010: 25%)	(227)	(544)	17,025
Tax effects in respect of:			
Expenses not deductible for tax purposes	227	544	263
Reduction in tax rate on the first RM500,000 of chargeable income in subsidiaries	-	-	(125)
	-	-	17,163
Over provision of tax expense in prior year	-	-	(144)
Under provision of deferred tax in prior year	-	-	76
	-	-	17,095

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.9 Property, plant and equipment

Group Carrying amount	Balance as at 8.8.2011 RM	Additions RM	Acquisition of subsidiaries (Section 9.1.25) RM	Disposals RM	Written off RM	Depreciation charge for the financial period RM	Balance as at 31.12.2011 RM
Leasehold land and building	-	-	2,632	-	-	(44)	2,588
Electronic data processing equipment	-	72	120	-	-	(20)	172
Furniture and fittings	-	16	498	-	(1)	(33)	480
Motor vehicles	-	2,615	1,915	(55)	-	(371)	4,104
Office and computer equipment	-	77	387	-	-*	(54)	410
Operation and construction equipment	-	64	542	-	-	(88)	518
Plant, machinery and cabins	-	84	147	-	-	(18)	213
Signboard	-	-	-*	-	-	-*	-*
	-	2,928	6,241	(55)	(1)	(628)	8,485

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.9 Property, plant and equipment (continued)

	Group As at 31 Dec 2011 RM'000
Net carrying amount	
Leasehold land and building	2,588
Electronic data processing equipment	172
Furniture and fittings	480
Motor vehicles	4,104
Office and computer equipment	410
Operation and construction equipment	518
Plant, machinery and cabins	213
Signboard	-*
	8,485

* Amount less than RM1,000

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

	Group As at 31 Dec 2011 RM'000
Purchase of property, plant and equipment	2,928
Financed by hire-purchase arrangements	(2,140)
Cash payments on purchase of property, plant and equipment	788

(b) The net carrying amount of the Group's property, plant and equipment acquired under hire-purchase arrangements is as follows:

	Group As at 31 Dec 2011 RM'000
Motor vehicles	4,017

(c) Leasehold land and building amounting to RM2,269,000 are charged to a financial institution for term loan and bank overdraft facilities granted to the Group (Section 9.1.17).

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.10 Land held for property development

Group	Balance as at 8.8.2011 RM'000	Acquisition of subsidiaries (Section 9.1.25) RM'000	As at 31.12.2011 RM'000
Freehold land, at cost	-	31,582	31,582

Land held for development with a carrying amount of RM31,582,000 had been pledged to a licensed bank for credit facilities granted to the Group (Section 9.1.17).

9.1.11 Investments in subsidiaries

	Company As at 31 Dec 2010 RM	2011 RM
Unquoted equity shares in Malaysia, at cost	-	73,640

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

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

All subsidiaries are audited by BDO.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.12 Other investments

	Group As at 31 Dec 2011 RM'000
Available for sale financial assets	
- Quoted shares in Malaysia	2
Market value	2

Information on the fair value hierarchy is disclosed in Section 9.1.29(e).

9.1.13 Property development costs

		Group As at 31 Dec 2011 RM'000
At beginning of financial period		
- Land	-	
- Development costs	-	
		-
Add: Acquisition of subsidiaries		
- Freehold land	16,505	
- Leasehold land	53,259	
- Development costs	26,198	
		95,962
Add: Costs incurred during the period		
- Freehold land	5,000	
- Leasehold land	5,722	
- Development costs	14,789	
		25,511
Less: Costs recognised in profit and loss		(8,258)
At end of financial period		113,215

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.13 Property development costs (continued)

(a) Included in the property development costs of the Group are freehold land and leasehold land amounting to RM16,505,000 and RM38,488,000 respectively charged to financial institutions for banking facilities granted to the Group (Section 9.1.17).

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

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

(d) Included in the property development costs of the Group is an interest expense of RM648,000. Interest is capitalised in property development costs at rates ranging from 5.1% to 8.1% per annum.

9.1.14 Trade and other receivables

	Section	Company As at 31 Dec 2010 RM'000	Company As at 31 Dec 2011 RM'000	Group As at 31 Dec 2011 RM'000
Trade receivables				
Third parties		-	-	117,233
Retention sums		-	-	31,410
Amounts due from contract customers	9.1.21	-	-	14,487
		-	-	163,130
Less: Impairment loss				
- Third parties		-	-	(118)
		-	-	163,012
Other receivables				
Other receivables		-	25	5,647
Accrued billings		-	-	35,892
Prepayments		-	-	621
Deposits		-	-	668
Amounts owing from subsidiaries		-	9,346	-
		-	9,371	42,828
Less: Impairment loss				
- Other receivables		-	-	(1,615)
		-	9,371	41,213
		-	9,371	204,225

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.14 Trade and other receivables (continued)

(a) Trade receivables are non-interest bearing and the normal credit terms granted by the Group range from 30 to 60 days (2010: Nil). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Included in the trade receivables of the Group are trade amounts owing from Directors of the Company and subsidiaries as well as their close family members of RM2,093,000 arising from the purchase of development properties from the subsidiaries. These amounts are unsecured, interest-free and payable upon demand in cash and cash equivalents. The management are of the view that this amount is recoverable. As of the date of the financial statements, an amount of RM1,105,962 has been subsequently settled.

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

	Group As at 31 Dec 2011 RM'000
Within one (1) year	13,435
Within two (2) years	17,975
	31,410

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

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

	Group As at 31 Dec 2011 RM'000
Neither past due nor impaired	121,741
Past due, not impaired	
0 - 30 days	18,915
31 - 60 days	20,355
More than 120 days	2,001
	41,271
Past due and impaired	118
	163,130

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.

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

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.14 Trade and other receivables (continued)

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

Receivables that are past due but not impaired

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

Receivables that are past due and impaired

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

The reconciliation of movement in the impairment loss is as follows:

	Group As at 31 Dec 2011 RM'000
At beginning of financial period	118
Charge for the financial period	-
At end of financial period	118

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

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

9.1.15 Cash and cash equivalents

	Company		Group
	As at 31 Dec 2010 RM'000	As at 31 Dec 2011 RM'000	As at 31 Dec 2011 RM'000
Cash and bank balances	-*	1,274	19,721
Fixed deposit with licensed banks	-	-	31,234
As per statements of financial position	-*	1,274	50,955
Less: Bank overdrafts included in borrowings	-	-	(12,111)
Less: Fixed deposit pledged	-	-	(31,234)
As per statements of cash flows	-*	1,274	7,610

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.15 Cash and cash equivalents (continued)

(a) Fixed deposits with licensed banks are pledged to licensed banks as securities for banking facilities granted to the Group (Section 9.1.17).

(b) Fixed deposits with licensed banks have maturity period ranging from seven (7) days to one (1) year (2010: Nil).

(c) Included in cash and bank balances of the Group is a balance of RM7,150,000 (2010: Nil) held under Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2002, which is not available for general use by the Group.

(d) All cash and cash equivalents are denominated in RM.

9.1.16 Share capital

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

Group and Company	Par value RM	As at 31 Dec 2010 Number of shares'000	RM'000	Par value RM	As at 31 Dec 2011 Number of shares'000	RM'000
Ordinary shares:						
At beginning of the financial year/As at date of incorporation	1.00	100	100	1.00	100	100
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.25 each	-	-	-	0.25	400	100
Increase during the financial period/year	-	-	-	0.25	399,600	99,900
At end of the financial period/year	1.00	100	100	0.25	400,000	100,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.16 Share capital (continued)

The movements in the issued and paid-up share capital of the Group and the Company are as follow:

Group and Company	As at 31 Dec 2010 Par value RM	Number of shares'000	RM'000	As at 31 Dec 2011 Par value RM	Number of shares'000	RM'000
Ordinary shares:						
At beginning of the financial year/As at date of incorporation	1.00	-*(1)	-*(2)	1.00	-*(1)	-*(2)
Sub-division of the par value of ordinary shares of RM1.00 each into RM0.25 each	-	-	-	0.25	-*(3)	-*(2)
Issued during the financial period/year	-	-	-	0.25	293,520	73,380
At end of the financial period/year		-*(1)	-*(2)		293,520	73,380

* (1) Represent 2
* (2) Represent RM2
* (3) Represent 8

On 16 June 2011, the Company subdivided its ordinary share capital as follows:

(a) authorised share capital of RM100,000 comprising ordinary shares of RM1.00 each into 400,000 ordinary shares of RM0.25 each; and

(b) issued and paid up capital of RM2.00 comprising 2 ordinary shares of RM1.00 each into 8 ordinary shares of RM0.25 each.

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

On 13 January 2011, the Company entered into conditional sale and purchase agreements with all the shareholders of Gabungan Strategik Sdn. Bhd., Pembinaan Megah Ikhlas sdn. Bhd., Motibina Sdn. Bhd. and AQRS The Building Company Sdn. Bhd. for the acquisition of the entire issued and paid-up share capital of these companies for a total consideration amounting to RM73,380,000. The purchase consideration was satisfied by the issuance of 293,520,000 new ordinary shares of RM0.25 each. The acquisition was completed on 8 August 2011.

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

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.17 Borrowings

	Section	Group As at 31 Dec 2011 RM'000
Non-current liabilities		
Bridging loan		10,906
Term loans		15,220
Hire-purchase creditors	9.1.18	2,873
		28,999
Current liabilities		
Bridging loan		75
Term loans		25,414
Revolving credit		400
Hire-purchase creditors	9.1.18	749
Bank overdrafts		12,111
		38,749
		67,748
Total borrowings		
Bridging loan		10,981
Term loans		40,634
Revolving credit		400
Hire-purchase creditors		3,622
Bank overdrafts		12,111
		67,748

(a) Bank overdrafts of the Group are secured by deposits pledged with licensed banks (section 9.1.15) as well as jointly and severally guaranteed by certain Directors and shareholders of the Company.

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

(i) Leasehold land and building under property, plant and equipment belonging to the Group (section 9.1.9) and assignment of a subsidiary's contract proceeds;

(ii) Freehold land under land held for property development belonging to the Group (section 9.1.10);

(iii) Freehold land and leasehold land under development belonging to the Group (section 9.1.13);

(iv) Fixed deposits (section 9.1.15);

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.17 Borrowings (continued)

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

(v) Assignment of HDA Account of the property development project ('Project') at Mukim of Ulu Kelang, Selangor (sales proceeds inclusive of profit from sales of the Project); and

(vi) Specific Debenture to secure the sum of RM20 million plus interest in such form as the Bank may require, incorporating first fixed and floating charges over all the Project's assets, both present and future.

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

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

	Group 31 Dec 2011 RM'000
Term loan I is repayable by three (3) equal quarterly instalments of RM3,670,000 each commencing March 2014	10,981
Term loan II is repayable by based on redemption structure set by a financial institution	1,075
Term loan III is repayable by sixty (60) monthly instalments ranging from RM444,655 to RM452,327 each commencing January 2011	18,337
Term loan IV is repayable by six (6) equal monthly instalments of RM3,250,000 each commencing March 2012	19,585
Term loan V is repayable by one hundred eighty two (182) equal monthly instalments of RM9,964 each commencing March 2009	1,067
Term loan VI is repayable by sixty (60) equal monthly instalments of RM11,980 each commencing September 2011	570
	51,615

	Group 31 Dec 2011 RM'000
Repayable as follows:	
- within one (1) year	25,489
- later than one (1) year and not later than five (5) years	25,445
- later than five (5) years	681
	51,615

(d) All borrowings are denominated in RM.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.18 Hire-purchase creditors

	Group As at 31 Dec 2011 RM'000
Total minimum hire purchase payments	4,094
Less: Future interest charges	(472)
Present value of hire-purchase creditors	3,622
Repayable as follows:	
Current liabilities:	
- not later than one (1) year	749
Non-current liabilities:	
- later than one (1) year and not later than five (5) years	2,668
- later than five (5) years	205
	2,873
	3,622

9.1.19 Deferred tax liabilities

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

	Group As at 31 Dec 2011 RM'000
At beginning of financial period	-
Acquisition of subsidiaries (section 9.1.25)	(1,913)
Recognised in profit or loss (section 9.1.8)	(328)
At end of financial period	(2,241)

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.19 Deferred tax liabilities (continued)

(b) The components deferred tax liabilities are as follows:

	Group As at 31 Dec 2011 RM'000
Property, plant and equipment	(263)
Land held for property development	(1,978)
	(2,241)

9.1.20 Trade and other payables

	Section	Company As at 31 Dec 2010 RM'000	Company As at 31 Dec 2011 RM'000	Group As at 31 Dec 2011 RM'000
Trade payables				
Third parties		-	-	76,119
Retention sums		-	-	52,484
Amounts due to contract customers	9.1.21	-	-	32,519
		-	-	161,122
Other payables				
Other payables		855	149	7,559
Accruals		54	34	7,719
Deposits		-	-	410
Dividend payable		-	-	7,098
Progress billings		-	-	11,506
Amounts owing to corporate shareholders of a subsidiary		-	-	1,061
Amounts owing to Directors		-	-	1,307
Amounts owing to subsidiaries		-	13,807	-
		909	13,990	36,660
		909	13,990	197,782

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 14 to 90 days (2010: Nil). Other credit term are assessed and approved by the suppliers on a case by case basis.

(b) Included in other payables of the Group are advances amounting to RM7,073,000 (2010: Nil) received from companies in which certain Directors have substantial financial interests. These amounts are unsecured, interest-free and repayable upon demand in cash and cash equivalents.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan AQRS (continued)

9.1.20 Trade and other payables (continued)

(c) Dividend payable is payable respect to former shareholders of a subsidiary in respect of the financial year ended 31 December 2010.

(d) Amounts owing to subsidiaries, corporate shareholders of a subsidiary and Directors represent advances and payments made on behalf, which are unsecured, interest-free and repayable on demand in cash and cash equivalents.

(e) All trade and other payables are denominated in RM.

9.1.21 Amounts due from/(to) contract customers

	Group As at 31 Dec 2011 RM'000
Aggregate costs incurred to date	956,942
Add: Attributable profits	242,575
	1,199,517
Less: Progress billings	(1,217,549)
	(18,032)
Amounts due from contract customers (section 9.1.14)	14,487
Amounts due to contract customers (section 9.1.20)	(32,519)
	(18,032)

Additions to aggregate costs incurred during the financial period included:

	Group As at 31 Dec 2011 RM'000
Salaries, bonus and overtime	689
EPF and Socso contributions	88
Wages	70
Other benefits	48
Rental of:	
- crane	303
- excavator	162
- lorries	257
- plant and machinery	221
- tractors	210
- site office	45
- site quarters	70

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.22 Commitments

(a) Rental commitments

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

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

	Group As at 31 Dec 2011 RM'000
Not later than one (1) year	121
Later than one (1) year and not later than five (5) years	8
	129

(b) Capital commitments

	Group As at 31 Dec 2011 RM'000
Contracted but not provided for	
- Purchase of shares in a subsidiary	340
- Land held for property development	174,278

9.1.23 Contingent liabilities

	Group As at 31 Dec 2011 RM'000
Guarantees	
Corporate guarantees given to financial institutions for credit facilities granted to third parties	5,202
Bank guarantees given by financial institutions in respect of construction costs	41,454
	46,656

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

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.23 Contingent liabilities (continued)

Litigation

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

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

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

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

Based on the advice of the lawyers, the Board of Directors is confident that AQRS will successfully defend this case.

9.1.24 Earning per ordinary share

(a) Basic

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

	Group As at 31 Dec 2011 RM'000
Profit attributable to equity holders of the parent	49,786
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	*
Effect of:	
- shares issued during the year	117,408
Adjusted weighted average number of ordinary shares applicable to basic earnings per shares	117,408
Basic earnings per share (sen)	42.40

* Represent 2

(b) Diluted

Diluted earnings per ordinary share is not shown the Group does not have any potential dilutive ordinary shares.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.25 Acquisition of subsidiaries

On 13 January 2011, the Company entered into conditional sale and purchase agreements with all the shareholders of Gabungan Strategik Sdn. Bhd., Pembinaan Megah Ikhlas Sdn. Bhd., Motibina Sdn. Bhd. and AQRS The Building Company Sdn. Bhd. for the acquisition of the entire issued and paid-up share capital of these companies for a total consideration amounting to RM73,380,000. The purchase consideration was satisfied by the issuance of 293,520,000 new ordinary shares of RM0.25 each. The acquisition was completed on 8 August 2011.

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

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

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

	Section	RM'000
Property, plant and equipment	9.1.9	6,241
Land held for property development	9.1.10	31,582
Investments		5
Property development costs	9.1.13	95,962
Trade and other receivables		163,207
Cash and cash equivalents		(12,727)
Fixed deposits		34,766
Total identifiable assets		319,036
Trade and other payables		(165,355)
Current tax liabilities		(7,962)
Deferred tax liabilities	9.1.19	(1,913)
Borrowings		(58,821)
		(234,051)
Total identifiable assets		84,985
Non-controlling interest		(40)
Gain on bargain purchase		(11,513)
Total consideration		73,432

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.25 Acquisition of subsidiaries (continued)

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

	RM'000
Cash paid	52
Consideration in shares	73,380
Total consideration	73,432

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

	RM'000
Total consideration	73,432
Less: Consideration in shares	(73,380)
Consideration settled in cash	52
Less: Cash and cash equivalents of subsidiaries acquired	12,727
Net cash outflow of the Group on acquisition	12,779

The newly acquired subsidiaries contributed RM236,794,000 of revenue and RM53,182,000 of profit to the Group's results for the financial period from the acquisition date. Had the business combination taken place at the beginning of the year, the Group's revenue would have been RM372,446,000 and the Group would have a profit for the financial year of RM66,593,000.

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

9.1.26 Employee benefits

	Company		Group
	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000	FPE 31 Dec 2011 RM'000
Wages and salaries	-	106	6,890
EPF and Socso contribution	-	6	835
Other benefits	-	*	35
	-	112	7,760

* Amount less than RM1,000

Included in the employee benefits of the Group are Directors' remuneration amounting RM1,249,000 (2010: Nil) and RM63,000 (2010: Nil) respectively.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.27 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 may be individuals or other entities.

Related parties of the Group include:

(i) its subsidiaries;

(ii) key management personnel, which comprises persons (including the Directors of the Group) having authority and responsibility for planning, deciding and controlling the activities of the Group directly or indirectly; and

(iii) companies in which the Directors/shareholders of the Company or their close family members have substantial financial interests or significant influence.

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

	Group FPE 31 Dec 2011 RM'000
Related parties:	
Rental of office premise paid/payable	36
Sub-contractor costs paid/payable	2,161
Directors of the Company and their close family members:	
Sale of development properties	8,258
Directors of the subsidiaries and their close family members:	
Sale of development properties	11,656

Material balances with related parties at the end of the financial period are disclosed in Section 9.1.14 and Section 9.1.20.

These transactions have been entered into the normal course of business and have been established under negotiated commercial terms.

(c) Compensation of key management personnel

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

	Company		Group
	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000	FPE 31 Dec 2010 RM'000
Short term employee benefits	-	63	1,275
Contributions to defined contribution plan	-	-	125
	-	63	1,400

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.28 Operating segments

The Group and its subsidiaries are principally engaged in property development, construction and investment holding.

The Group 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 that do not constitute a reportable segment comprise investment holding.

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

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

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

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.28 Operating segments (continued)

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

31 Dec 2011	Property development RM'000	Construction RM'000	Other operating segments RM'000	Total RM'000
Segment revenue				
Total revenue	63,922	207,936	-	271,858
Inter segment sales	-	(35,064)	-	(35,064)
Revenue from external customers	63,922	172,872	-	236,794
Interest income	58	509	-	567
Finance costs	(1,848)	(321)	-	(2,169)
Net finance expenses	(1,790)	188	-	(1,602)
Depreciation	148	480	-	628
Segment profit before tax	**14,889**	**55,396**	**(2,183)**	**68,102**
Tax expense	(5,146)	(11,949)	-	(17,095)
Other material non- cash items:				
- Gain on bargain purchase	8,157	3,356	-	11,513
Additions to non-current assets other than financial instruments and deferred tax assets	711	2,217	-	2,928
Segment assets	**219,908**	**186,726**	**1,830**	**408,464**
Segment liabilities	**85,304**	**199,266**	**185**	**284,755**

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

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.29 Financial instruments

(a) Categories of financial instruments

	Company		Group
	As at 31 Dec 2010 RM'000	As at 31 Dec 2011 RM'000	As at 31 Dec 2011 RM'000
Financial assets			
Available for sale			
Other investments	-	-	2
Loans and receivables			
Cash and cash equivalents	-*	1,274	50,955
Trade and other receivables	-	9,371	204,225
	-*	10,645	255,180
Financial liabilities			
Other financial liabilities			
Borrowings	-	-	67,748
Trade and other payables	909	13,990	197,782
	909	13,990	265,530

* Amount less than RM1,000

(b) Financial risk management objectives and policies

The Group's overall financial risk management objective is to ensure that it creates value for its shareholders while minimising potential adverse effects on its performance. The Group is exposed mainly to interest rate risk, liquidity and cash flow risk as well as credit risk. Information on the management of the related exposures are detailed below:

(i) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Group's financial position and cash flows.

Interest rate risk mainly arises from the Group's fixed deposits and borrowings. The Group borrows at both fixed and floating rates of interest to generate the desired interest profile and to manage its exposure to interest rate fluctuations.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.29 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(i) Interest rate risk (continued)

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

Group	Section	WAEIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 Dec 2011									
Fixed rates									
Fixed deposits with licensed banks	9.1.15	2.80	31,234	-	-	-	-	-	31,234
Hire-purchase creditors	9.1.18	5.14	749	731	708	671	558	205	3,622
Floating rates									
Bridging loan	9.1.17	8.10	75	-	10,906	-	-	-	10,981
Term loans	9.1.17	6.93	25,414	5,018	5,295	4,033	192	682	40,634
Revolving credit	9.1.17	5.08	400	-	-	-	-	-	400
Bank overdrafts	9.1.17	8.07	12,111	-	-	-	-	-	12,111

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.29 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(i) Interest rate risk (continued)

Interest rate risk sensitivity analysis

At 31 December 2011, if interest rates at the date had been 100 basis points lower with all other variables held constant, post-tax profit for the year would have been RM274,000 higher. If interest rates had been 100 basis points higher, with all other variables held constant, post-tax profit would have been RM274,000 lower. The assumed movement in the basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(ii) Liquidity and cash flow risk

Liquidity and cash flow risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations when due.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to mitigate the effects of fluctuations in cash flows.

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan AQRS (continued)

9.1.29 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity and cash flow risk (continued)

The maturity analysis for financial liabilities that shows the remaining contractual maturities based on undiscounted cash flows is as follows:

Group	Carrying amount RM'000	Undiscounted contractual cash flows RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000
31 Dec 2011								
Borrowings	67,748	70,933	39,946	6,629	17,462	4,928	846	1,122
Trade and other payables	197,782	197,782	197,782	-	-	-	-	-
Company								
31 Dec 2011								
Other payables	13,990	13,990	13,990	-	-	-	-	-
31 Dec 2010								
Other payables	909	909	909	-	-	-	-	-

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.29 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a counter party to a financial instrument fails to perform as contracted. The Group is mainly exposed to credit risk from trade and other receivables as well as cash deposits. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that it is exposed to minimal credit risk.

Exposure to credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

The Group has no major concentration of credit risk as at 31 December 2011 except for amounts owing by the subsidiaries to the Group of RM9,346,000.

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 Section 9.1.14. Deposit and bank balances are placed with reputable financial institutions with good standing. The Directors believe that the possibility of non-performance by the financial institutions is remote on the basis of their financial strength.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Section 9.1.14.

(c) Fair values of financial instruments

The fair values of financial instruments that are no carried at fair value and whose carrying amounts do not approximate it fair value are as follow:

	Section	Carrying amount RM'000	Fair value RM'000
Group			
At 31 Dec 2011			
Recognised			
Financial liabilities			
Hire-purchase creditors	9.1.18	3,622	3,555
Unrecognised			
Contingent liabilities	9.1.23	-	*

* Negligible

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.29 Financial instruments (continued)

(d) Methods and assumptions used to estimate fair value

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

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

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

(ii) Hire-purchase creditors

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

(iii) Quoted shares

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

(e) Fair value hierarchy

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

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

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

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

As at 31 December 2011, the Group held the following financial instruments carried at fair value on the statements of financial position:

Assets measured at fair value

	31 Dec 2011 RM	Level 1 RM	Level 2 RM	Level 3 RM
Available for sale financial				
- Quoted shares	2,115	2,115	-	-

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.1 Gabungan AQRS (continued)

9.1.29 Financial instruments (continued)

(f) Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. 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 FPE 31 December 2011. The Group is not subject to any externally imposed capital requirements.

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

	Company		Group
	As at 31 Dec 2010 RM'000	As at 31 Dec 2011 RM'000	As at 31 Dec 2011 RM'000
Total borrowings	-	-	67,748
Total equity	(909)	70,295	123,709
Gearing ratio	N/A	N/A	54.76%

N/A : Not applicable

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik

9.2.1 Statements of comprehensive income of Gabungan Strategik

The statements of comprehensive income of Gabungan Strategik, which are extracted from the audited financial statements for the three (3) financial years up to the FYE 31 December 2011, are set out below:

	Section	FYE 31 Dec		
		2009 RM'000 (restated)	2010 RM'000	2011 RM'000
Contract revenue		176,115	231,705	161,246
Contract costs		(145,901)	(191,382)	(121,997)
Gross profit		30,214	40,323	39,249
Other income		1,386	1,465	1,316
Operating costs		(4,970)	(6,189)	(4,245)
Finance costs		(23)	(22)	(110)
Profit before tax	9.2.5	26,607	35,577	36,210
Tax expense	9.2.6	(7,262)	(8,876)	(9,960)
Profit for the financial year		19,345	26,701	26,250
Other comprehensive income		-	-	-
Total comprehensive income		19,345	26,701	26,250
Earnings before interest, tax, depreciation and amortisation ('EDITDA') (RM'000)		*26,148*	*35,064*	*35,654*
Number of ordinory shares of RM1.00 each ('000)		*1,800*	*1,800*	*1,800*
Gross earnings per share (RM)		*14.78*	*19.77*	*20.12*
Net earnings per share (RM)		*10.75*	*14.83*	*14.58*
Gross profit ('GP') margin (%)		*17.16*	*17.40*	*24.34*
Profit before tax margin (%)		*15.11*	*15.35*	*22.46*
EBITDA margin (%)		*14.85*	*15.13*	*22.11*
Effective tax rate (%)		*27.29*	*24.95*	*27.51*

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.2 Statements of financial position of Gabungan Strategik

The statements of financial position of Gabungan Strategik, which are extracted from the audited financial statements for the three (3) financial years up to FYE 31 December 2011, are set out below:

	Section	As at 31 Dec 2009 RM'000 (restated)	2010 RM'000	2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	9.2.7	2,153	1,404	2,473
Investment in a subsidiary	9.2.8	60	-	-
Investments in jointly controlled entities	9.2.9	-*	300	-
		2,213	1,704	2,473
Current assets				
Trade and other receivables	9.2.10	67,108	79,320	143,876
Cash and cash equivalents	9.2.11	71,371	57,823	26,085
		138,479	137,143	169,961
TOTAL ASSETS		140,692	138,847	172,434
EQUITY AND LIABILITIES				
Equity attributable to owners of Gabungan Strategik				
Share capital	9.2.12	1,800	1,800	1,800
Retained earnings	9.2.13	26,933	30,434	56,684
TOTAL EQUITY		28,733	32,234	58,484

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.2 Statements of financial position of Gabungan Strategik (continued)

	Section	As at 31 Dec 2009 RM'000 (restated)	2010 RM'000	2011 RM'000
LIABILITIES				
Non-current liabilities				
Borrowings	9.2.14	269	111	901
Deferred tax liabilities	9.2.16	77	77	54
		346	188	955
Current liabilities				
Trade and other payables	9.2.17	108,288	92,269	102,221
Current tax liabilities		3,130	5,191	5,381
Borrowings	9.2.14	195	8,965	5,393
		111,613	106,425	112,995
TOTAL LIABILITIES		111,959	106,613	113,950
TOTAL EQUITY AND LIABILITIES		140,692	138,847	172,434
No. of ordinary shares of RM1.00 each in issue ('000)		*1,800*	*1,800*	*1,800*
Net assets (RM'000)		*28,733*	*32,234*	*58,484*
Net assets per ordinary share of RM1.00 each (RM)		*15.96*	*17.91*	*32.49*
Trade receivables' turnover period (days)		*74.16*	*76.61*	*213.92*
Trade payables' turnover period (days)		*268.44*	*160.97*	*268.64*
Gearing ratio (times)		*0.02*	*0.28*	*0.11*

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.3 Statements of cash flows of Gabungan Strategik

The statements of cash flows of Gabungan Strategik, which are extracted from the audited financial statements for the three (3) financial years up to FYE 31 December 2011, are set out below:

		FYE 31 Dec		
	Section	2009 RM'000 (restated)	2010 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		26,607	35,577	36,210
Adjustments for:				
Depreciation of property, plant and equipment	9.2.7	792	659	496
Gain on disposal of property, plant and equipment		-*	(228)	(131)
Impairment losses on other receivables		-	2,551	-
Interest expense		23	22	110
Interest income		(1,274)	(1,194)	(1,162)
Loss on disposal of investments		-	60	300
Property, plant and equipment written off	9.2.7	8	6	1
Operating profit before changes in working capital		26,156	37,453	35,824
Changes in working capital:				
Trade and other receivables		(36,380)	(18,466)	(12,261)
Trade and other payables		44,738	(35,515)	1,869
Cash generated from/(used in) operations		34,514	(16,528)	25,432
Interest received		1,274	1,193	1,162
Interest paid		(1)	(8)	(92)
Tax paid		(4,095)	(6,815)	(10,073)
Tax refunded		-	-	279
Net cash from/(used in) operating activities		31,692	(22,158)	16,708

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.3 Statements of cash flows of Gabungan Strategik (continued)

	Section	FYE 31 Dec 2009 RM'000 (restated)	2010 RM'000	2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances to holding company		-	-	(13,714)
Advances to related companies		-	-	(30,396)
Proceeds from disposal of investments		-	-*	-*
Proceeds from disposal of property, plant and equipment		-*	418	131
Investment in jointly controlled entities	9.2.9	-	(300)	-
Purchase of property, plant and equipment	9.2.7(a)	(710)	(106)	(474)
Net cash (used in)/from investing activities		(710)	12	(44,453)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid		(22)	(13)	(18)
Dividend paid		(1,852)	-	(102)
(Placements)/Withdrawals of fixed deposits pledged		(18,211)	8,439	30,331
Repayments to hire-purchase creditors		(195)	(290)	(103)
Net cash (used in)/from financing activities		(20,280)	8,136	30,108
Net increase/(decrease) in cash and cash equivalents		10,702	(14,010)	2,363
Cash and cash equivalents at beginning of financial year		(3,662)	7,040	(6,970)
Cash and cash equivalents at end of financial year	9.2.11	7,040	(6,970)	(4,607)

* Amount less than RM1,000

9.2 Gabungan Strategik (continued)

9.2.4 Statements of changes in equity of Gabungan Strategik

The statements of changes in equity of Gabungan Strategik, which are extracted from the audited financial statements for the three (3) financial years up to FYE 31 December 2011, are set out below:

	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
Balance at 1 January 2009	1,800	9,440	11,240
Total comprehensive income (restated)	-	19,345	19,345
Transactions with owners			
Dividends paid	-	(1,852)	(1,852)
Balance at 31 December 2009	1,800	26,933	28,733
Total comprehensive income	-	26,701	26,701
Transactions with owners			
Dividends paid	-	(23,200)	(23,200)
Balance at 31 December 2010	1,800	30,434	32,234
Total comprehensive income	-	26,250	26,250
Balance at 31 December 2011	1,800	56,684	58,484

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.5 Profit before tax

	<------FYE 31 Dec------>		
	2009 RM'000	2010 RM'000	2011 RM'000
Profit before tax is arrived at after charging:			
Auditors' remuneration	85	23	40
Depreciation of property, plant and equipment	792	659	496
Directors' remuneration	387	744	885
Impairment losses on receivables	-	2,551	-
Interest expense on:			
- hire-purchase	22	13	18
- bank overdrafts	1	8	92
Loss on disposal of investments	-	60	300
Loss on disposal of property, plant and equipment	-*	-	-
Property, plant and equipment written off	8	6	1
Rental of:			
- copier	3	2	1
- premises	56	64	76
And crediting:			
Gain on disposal of property, plant and equipment	-	228	131
Interest income from fixed deposits	1,274	1,194	1,162

* Amount less than RM1,000

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.6 Tax expense

	<----------------FYE 31 Dec---------------->		
	2009 RM'000	2010 RM'000	2011 RM'000
Current year tax expense based on profit for the financial year	7,034	8,910	9,232
(Over)/Under provision in prior years	221	(34)	751
	7,255	8,876	9,983
Deferred tax (Section 9.2.16):			
Relating to origination and reversal of temporary differences	7	-	25
Over provision in prior year	-	-	(48)
	7	-	(23)
	7,262	8,876	9,960

The Malaysian income tax is calculated at the statutory tax rate of 25% (2010: 25% and 2009: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the applicable tax expense and the effective tax expense of Gabungan Strategik is as follows:

	<-------------------FYE 31 Dec------------------->		
	2009 RM'000	2010 RM'000	2011 RM'000
Profit before tax	26,607	35,577	36,210
Tax at Malaysian statutory tax rate of 25% (2010: 25% and 2009: 25%)	6,652	8,894	9,052
Tax effects in respect of:			
Expenses not deductible for tax purposes	414	41	230
Reduction in tax rate on the first RM500,000 of chargeable income	(25)	(25)	(25)
	7,041	8,910	9,257
Under/(Over) provision of tax expense in prior years	221	(34)	751
Over provision of deferred tax in prior year	-	-	(48)
	7,262	8,876	9,960

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.7 Property, plant and equipment

2011	Office and computer equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Plant, machinery and cabins RM'000	Buildings RM'000	Operation and construction equipment RM'000	Total RM'000
At cost							
Balance as at 1.1.2011	762	180	1,563	292	187	1,382	4,366
Additions	60	4	1,324	116	-	62	1,566
Disposals	(10)	-	(503)	-	-	-	(513)
Written off	(24)	(19)	-	-	-	-	(43)
Balance as at 31.12.2011	788	165	2,384	408	187	1,444	5,376

2011	Office and computer equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Plant, machinery and cabins RM'000	Buildings RM'000	Operation and construction equipment RM'000	Total RM'000
Accumulated depreciation							
Balance as at 1.1.2011	620	118	1,276	168	35	745	2,962
Charge for the year	59	15	177	35	4	206	496
Disposals	(10)	-	(503)	-	-	-	(513)
Written off	(23)	(19)	-	-	-	-	(42)
Balance as at 31.12.2011	646	114	950	203	39	951	2,903

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.7 Property, plant and equipment (continued)

2010	Office and computer equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Plant, machinery and cabins RM'000	Buildings RM'000	Operation and construction equipment RM'000	Total RM'000
At cost							
Balance as at 1.1.2010	769	176	2,570	307	187	1,298	5,307
Additions	11	4	4	3	-	84	106
Disposals	-	-	(1,011)	-	-	-	(1,011)
Written off	(18)	-	-	(18)	-	-	(36)
Balance as at 31.12.2010	762	180	1,563	292	187	1,382	4,366

2010	Office and computer equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Plant, machinery and cabins RM'000	Buildings RM'000	Operation and construction equipment RM'000	Total RM'000
Accumulated depreciation							
Balance as at 1.1.2010	556	101	1,780	148	31	538	3,154
Charge for the year	79	17	317	35	4	207	659
Disposals	-	-	(821)	-	-	-	(821)
Written off	(15)	-	-	(15)	-	-	(30)
Balance as at 31.12.2010	620	118	1,276	168	35	745	2,962

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.7 Property, plant and equipment (continued)

2009	Office and computer equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Plant, machinery and cabins RM'000	Buildings RM'000	Operation and construction equipment RM'000	Total RM'000
At cost							
Balance as at 1.1.2009	706	161	2,382	217	187	802	4,455
Additions	78	15	188	90	-	496	867
Disposals	-	-*	-	-	-	-*	-*
Written off	(15)	-	-	-	-	-	(15)
Balance as at 31.12.2009	769	176	2,570	307	187	1,298	5,307

2009	Office and computer equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Plant, machinery and cabins RM'000	Buildings RM'000	Operation and construction equipment RM'000	Total RM'000
Accumulated depreciation							
Balance as at 1.1.2009	471	83	1,360	111	27	317	2,369
Charge for the year	92	18	420	37	4	221	792
Disposals	-	-*	-	-	-	-*	-*
Written off	(7)	-	-	-	-	-	(7)
Balance as at 31.12.2009	556	101	1,780	148	31	538	3,154

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.7 Property, plant and equipment (continued)

	Office and computer equipment RM'000	Furniture, fittings and renovation RM'000	Motor vehicles RM'000	Plant, machinery and cabins RM'000	Buildings RM'000	Operation and construction equipment RM'000	Total RM'000
Net carrying amount							
FYE 31 December 2009	213	75	790	159	156	760	2,153
FYE 31 December 2010	142	62	287	124	152	637	1,404
FYE 31 December 2011	142	51	1,434	205	148	493	2,473

(a) Gabungan Strategik made the following cash payments to purchase property, plant and equipment:

	<----As at 31 Dec		---->
	2009 RM'000	2010 RM'000	2011 RM'000
Purchase of property, plant and equipment	867	106	1,566
Financed by hire-purchase arrangements	(157)	-	(1,092)
Cash payment on purchase of property, plant and equipment	710	106	474

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.7 Property, plant and equipment (continued)

(b) The net carrying amounts of the Gabungan Strategik's property, plant and equipment acquired under hire-purchase arrangements are as follows:

	<--------------As at 31 Dec-------------->		
	2009 RM'000	2010 RM'000	2011 RM'000
Motor vehicles	357	139	1,347

9.2.8 Investment in a subsidiary

	<-------------As at 31 Dec------------->		
	2009 RM'000	2010 RM'000	2011 RM'000
Unquoted equity shares in Malaysia, at cost			
At beginning of financial year	60	60	-
Disposal	-	(60)	-
At end of financial year	60	-	-

On 1 June 2010, Gabungan Strategik had disposed its subsidiary, Projek PGK Sdn. Bhd., for a cash consideration of RM2.

The details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name of company	Interest in equity held <------As at 31 Dec-----> 2009 %	2010 %	2011 %	Principal activities
Projek PGK Sdn. Bhd.	60	-	-	Contractor. It became dormant since financial year 2008.

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.9 Investments in jointly controlled entities

	<----As at 31 Dec---->		
	2009 RM'000	2010 RM'000	2011 RM'000
Unquoted equity shares in Malaysia, at cost			
At the beginning of the year	-	-	300
Additional investment during the year	-*	300	-
Disposal during the year	-	-	(300)
At the end of the year	-*	300	-

* Amount less than RM1,000

On 16 November 2009, Gabungan Strategik invested in a jointly controlled entity, Nusvista, with a cash consideration of RM1. On 29 June 2010, Gabungan Strategik further invested in Nusvista, with a cash consideration of RM249,999. On 31 July 2010, Gabungan Strategik invested in another jointly controlled entity, Grand Meridian with a cash consideration of RM50,000.

On 8 August 2011, Gabungan Strategik completed the disposal of its 50% shareholdings in Nusvista comprising 250,000 ordinary shares of RM1.00 each and Grand Meridian comprising 50,000 ordinary shares of RM1.00 each to AQRS for a total purchase consideration of RM2 pursuant to the conditional Share Sale Agreement entered on 13 January 2011 between Gabungan Strategik and AQRS.

The details of the jointly controlled entities, which are incorporated in Malaysia, are as follows:

	Interest in equity held <--As at 31 Dec-->			
Name of company	2009 %	2010 %	2011 %	Principal activities
Nusvista	50	50	-	Property development.
Grand Meridian	-	50	-	Property development.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.10 Trade and other receivables

	<-----As at 31 Dec----->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Trade receivables			
Third parties	24,848	18,973	57,948
Retention sum	647	11,107	17,248
Related Company	-	-	7,022
Amounts due from contract customers (Section 9.2.18)	10,287	18,552	12,284
	35,782	48,632	94,502
Other receivables, deposits and prepayments			
Other receivables	23,187	4,556	4,527
Amounts owing from jointly controlled entities	7,660	29,259	-
Amounts owing from subsidiaries	204	-	-
Amounts owing from Directors	750	-	-
Amount owing from holding company	-	-	13,714
Amount owing from related companies	-	-	31,560
Deposits	368	267	409
Prepayments	-*	-	7
	32,169	34,082	50,217
Less: Impairment loss			
- Other receivables	(843)	(3,394)	(843)
	31,326	30,688	49,374
	67,108	79,320	143,876

*Amount less than RM1,000

(a) Third party trade receivables are non-interest bearing and the normal credit terms granted by Gabungan Strategik range from 30 to 60 days (2010: 30 to 60 days and 2009: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.10 Trade and other receivables (continued)

(b) Amounts owing from related companies represent balances arising from normal trade transactions, advances and payments made on behalf, which are unsecured, interest-free and repayable upon demand in cash and cash equivalents.

Included in trade amounts owing from related companies are retention sums, which are expected to be collected as follows:

	<----As at 31 Dec---->		
	2009	2010	2011
	RM	RM	RM
Within two (2) years	-	-	599

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

	<----As at 31 Dec---->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Within one (1) year	-	324	10,784
Within two (2) years	647	10,783	6,464
	647	11,107	17,248

(d) Amounts owing from jointly controlled entities, subsidiaries, Directors and holding company represents advances and payments made on behalf, which are unsecured, interest-free and receivable on demand in cash and cash equivalents.

(e) The ageing analysis of trade receivables of Gabungan Strategik is as follows:

	<----As at 31 Dec---->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Neither past due nor impaired	12,687	42,434	74,236
Past due, not impaired			
0 - 30 days	2,350	-	7,722
31 - 120 days	17,852	5,047	12,040
More than 120 days	2,893	1,151	504
	23,095	6,190	20,266
	35,782	48,632	94,502

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.10 Trade and other receivables (continued)

(e) The ageing analysis of trade receivables of Gabungan Strategik is as follows (continued):

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 Gabungan Strategik.

None of the trade receivables of Gabungan Strategik 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 Gabungan Strategik that are past due but not impaired are unsecured in nature. They are creditworthy debtors.

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

9.2.11 Cash and cash equivalents

	<----As at 31 Dec---->		
	2009 RM'000	2010 RM'000	2011 RM'000
Cash and bank balances	7,040	1,932	524
Fixed deposits with licensed banks	64,331	55,891	25,561
As per statements of financial position	71,371	57,823	26,085
Bank overdraft included in borrowings (Section 9.2.14)	-	(8,902)	(5,131)
	71,371	48,921	20,954
Less: Fixed deposits pledged	(64,331)	(55,891)	(25,561)
As per statements of cash flows	7,040	(6,970)	(4,607)

(a) Deposits with licensed banks have an average maturity period of one (1) year (2010: one (1) year and 2009: one (1) year).

(b) Included in deposits with licensed banks is an amount of RM25,561,000 (2010: RM55,892,000 and 2009: RM64,331,000) pledged to licensed banks as securities for bank overdraft facility granted to Gabungan Strategik (Section 9.2.14).

(c) All cash and cash equivalents are denominated in RM.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.12 Share capital

	<---As at 31 Dec--->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Ordinary shares of RM1.00 each:			
Authorised	5,000	5,000	5,000
Issued and fully paid-up	1,800	1,800	1,800

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

9.2.13 Retained earnings

Effective 1 January 2008, Gabungan Strategik is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

Gabungan Strategik has moved to a single tier system and as a result, there are no longer any restrictions on Gabungan Strategik to frank the payment of dividends out of its entire retained earnings as at the end of reporting period.

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.14 Borrowings

	Section	2009 RM'000	2010 RM'000	2011 RM'000
		<------------------As at 31 Dec		--------------->
Non-current liabilities				
Hire-purchase creditors	9.2.15	269	111	901
Current liabilities				
Hire-purchase creditors	9.2.15	195	63	262
Bank overdraft		-	8,902	5,131
		195	8,965	5,393
Total borrowings		464	9,076	6,294
Hire-purchase creditors	9.2.15	464	174	1,163
Bank overdraft		-	8,902	5,131
		464	9,076	6,294

(a) Bank overdraft of Gabungan Strategik is secured by deposits pledged with licensed banks (Section 9.2.11) as well as jointly and severally guaranteed by certain Directors of Gabungan Strategik.

(b) All borrowings are denominated in RM.

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.15 Hire-purchase creditors

	<-------------As at 31 Dec----------->		
	2009 RM'000	2010 RM'000	2011 RM'000
Total minimum hire-purchase payments	495	185	1,296
Less: Future interest charges	(31)	(11)	(133)
Present value of hire-purchase payments	464	174	1,163
Repayable as follows:			
Current liabilities:			
- not later than one (1) year	195	63	262
Non-current liabilities:			
- later than one (1) year and not later than five (5) years	255	111	901
- later than five (5) years	14	-	-
	464	174	1,163

9.2.16 Deferred tax liabilities

	<-------------As at 31 Dec----------->		
	2009 RM'000	2010 RM'000	2011 RM'000
At beginning of financial year	70	77	77
Recognised in profit and loss (Section 9.2.6)	7	-	(23)
At end of financial year	77	77	54

The deferred tax liabilities are in respect of temporary differences arising from property, plant and equipment.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.17 Trade and other payables

	<----As at 31 Dec---->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Trade payables			
Third parties	24,532	38,634	28,928
Retention sums	11,613	23,145	35,721
Related company	-	-	8,182
Amount due to contract customers (Section 9.2.18)	28,621	22,623	16,960
Advances from customers	42,538	-	-
	107,304	84,402	89,791
Other payables and accruals			
Other payables	26	24	43
Accruals	958	643	5,286
Dividend payable	-	7,200	7,098
Amount owing to related company	-	-	3
	984	7,867	12,430
	108,288	92,269	102,221

(a) Trade payables are non-interest bearing and the normal credit terms granted to Gabungan Strategik range from 14 to 60 days (2010: 14 to 60 days and 2009: 14 to 60 days).

(b) As at 31 December 2009, advances from customers represented advances from project customers for securing new projects and for construction working capital purpose.

(c) Amount owing to a related company represents balances arising from normal trade transactions, advances and payments made on behalf, which are unsecured, interest free and repayable upon demand in cash and cash equivalents.

(d) All trade and other payables are denominated in RM.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.18 Amounts due from/(to) contract customers

	As at 31 Dec 2009 RM'000	As at 31 Dec 2010 RM'000	As at 31 Dec 2011 RM'000
Aggregate costs incurred to date	342,402	533,784	655,780
Add: Attributable profits	51,464	91,517	130,768
	393,866	625,301	786,548
Less: Progress billings	(412,200)	(629,372)	(791,224)
	(18,334)	(4,071)	(4,676)
Amounts due from contract customers (Section 9.2.10)	10,287	18,552	12,284
Amounts due to contract customers (Section 9.2.17)	(28,621)	(22,623)	(16,960)
	(18,334)	(4,071)	(4,676)

Additions to aggregate costs incurred during the financial year included:

	FYE 31 Dec 2009 RM'000	FYE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000
Depreciation of property, plant and equipment	3	-	-
Salaries, bonus and overtime	1,763	1,212	1,216
EPF and Socso contributions	217	150	154
Other benefits	35	38	25
Rental of:			
- crane	458	103	169
- excavator	274	51	176
- lorries	395	208	256
- plant and machinery	290	162	97
- tractors	1,269	406	238
- site office	75	67	52
- site quarters	51	40	70

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.19 Contingent liabilities

	<---As at 31 Dec--->		
	2009 RM'000	2010 RM'000	2011 RM'000
Bank guarantees given by a financial institution in respect of construction contracts	61,391	46,684	35,751

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

9.2.20 Dividends

	<---FYE 31 Dec--->					
	2009		2010		2011	
	Gross dividend per share RM	Amount of dividend RM'000	Gross dividend per share RM	Amount of dividend RM'000	Gross dividend per share RM	Amount of dividend RM'000
Interim dividends paid	-	-	10.00	16,000	-	-
Final dividend paid	2.69	1,852	-	-	-	-
Final dividend declared	-	-	4.00	7,200	-	-
	2.69	1,852	14.00	23,200	-	-

9.2.21 Employee benefits

	<---FYE 31 Dec--->		
	2009 RM'000	2010 RM'000	2011 RM'000
Wages and salaries	3,743	3,227	3,376
EPF and Socso contributions	400	385	408
Other benefits	245	97	112
	4,388	3,709	3,896

Included in the employee benefits of Gabungan Strategik are Directors' remuneration amounting to RM885,000 (2010: RM744,000 and 2009: RM387,000).

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.22 Related party disclosures

(a) Identities of related parties

Parties are considered to be related to Gabungan Strategik if Gabungan Strategik and 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 party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of Gabungan Strategik include:

(i) its holding company and related companies;

(ii) key management personnel, which comprises persons (including the Directors of Gabungan Strategik) having authority and responsibility for planning, directing and controlling the activities of Gabungan Strategik directly or indirectly; and

(iii) companies in which the Directors of Gabungan Strategik, shareholder of the holding company or their close family members have substantial financial interests or significant influence.

Gabungan Strategik has a controlling related party relationship with its holding company.

(b) Gabungan Strategik had the following transaction with related parties during the financial year:

	<-----FYE 31 Dec----->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Related companies:			
Progress billings on construction contracts received/receivable	-	-	6,944

Material balances with related parties at the end of the financial year are disclosed in Section 9.2.10 and Section 9.2.17.

These transactions have been entered into the normal course of business and have been established under negotiated commercial terms.

(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 or indirectly, including any director (whether executive or otherwise) of Gabungan Strategik.

The remuneration of Directors during the financial year was as follows:

	<-----FYE 31 Dec----->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Short term employee benefits	374	679	804
EPF and Socso contributions	13	65	81
	387	744	885

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.23 Financial instruments

(a) Categories of financial instruments

	<---- As at 31 Dec ----		---->
	2009	2010	2011
	RM'000	RM'000	RM'000
Financial assets			
Loans and receivables			
Trade and other receivables	67,108	79,320	143,876
Cash and cash equivalents	71,371	57,823	26,085
	138,479	137,143	169,961
Financial liabilities			
Other financial liabilities			
Borrowings	464	9,076	6,294
Trade and other payables	108,288	92,269	102,221
	108,752	101,345	108,515

(b) Financial risk management objectives and policies

Gabungan Strategik's overall financial risk management objective is to ensure that it creates value for its shareholders while minimising potential adverse effects on its performance. Gabungan Strategik is exposed mainly to interest rate risk, liquidity and cash flow risk as well as credit risk. Information on the management of the related exposures are detailed below:

(i) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect Gabungan Strategik's financial position and cash flows.

Interest rate risk mainly arises from Gabungan Strategik's fixed deposits and borrowings.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.23 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(i) Interest rate risk (continued)

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

	Section	WAEIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 Dec 2011									
Fixed rates									
Deposits with licensed banks	9.2.11	2.86	25,561	-	-	-	-	-	25,561
Hire-purchase creditors	9.2.15	4.74	262	243	235	232	191	-	1,163
Floating rates									
Bank overdraft	9.2.14	8.10	5,131	-	-	-	-	-	5,131
At 31 Dec 2010									
Fixed rates									
Deposits with licensed banks	9.2.11	2.21	55,891	-	-	-	-	-	55,891
Hire-purchase creditors	9.2.15	4.52	63	63	34	14	-	-	174
Floating rates									
Bank overdraft	9.2.14	7.80	8,902	-	-	-	-	-	8,902

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.23 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(i) Interest rate risk (continued)

	Section	WAEIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 Dec 2009									
Fixed rates									
Deposits with licensed banks	9.2.11	2.80	64,331	-	-	-	-	-	64,331
Hire-purchase creditors	9.2.15	5.34	195	112	109	34	14	-	464

Interest rate risk sensitivity analysis

The following table indicates the approximate (decrease)/increase in profit for the financial year in response to reasonably possible changes in an interest rate to which Gabungan Strategik has significant exposure at the end of reporting year. In determining the effect of profit for the financial year, the assumed movement in the basis points for interest rate sensitivity analysis is based on the currently observed market environment.

	<----FYE 31 Dec----		---->
	2009 RM'000	2010 RM'000	2011 RM'000
Applicable interest rate:			
Increase by 100 basis points	479	351	145
Decrease by 100 basis points	(479)	(351)	(145)

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.23 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity and cash flow risk

Liquidity and cash flow risk arises from Gabungan Strategik's management of working capital. It is the risk that Gabungan Strategik will encounter difficulty in meeting its financial obligations when due.

Gabungan Strategik monitors and maintains a level of cash and cash equivalents deemed adequate by management to mitigate the effects of fluctuations in cash flows.

The maturity analysis for financial liabilities that shows the remaining contractual maturities based on undiscounted cash flows is as follows:

	Carrying amount RM'000	Undiscounted contractual cash flows RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000
At 31 Dec 2011							
Borrowings	6,294	6,427	5,444	281	261	246	195
Trade and other payables	102,221	102,221	102,221	-	-	-	-
At 31 Dec 2010							
Borrowings	9,076	9,087	8,971	66	35	15	-
Trade and other payables	92,269	92,269	92,269	-	-	-	-
At 31 Dec 2009							
Borrowings	464	495	310	69	66	35	15
Trade and other payables	108,288	108,288	108,288	-	-	-	-

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.23 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Credit risk

Credit risk is the risk of financial loss to Gabungan Strategik if a counter party to a financial instrument fails to perform as contracted. Gabungan Strategik is mainly exposed to credit risk from trade and other receivables. It is Gabungan Strategik's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that it is exposed to minimal credit risk.

Exposure to credit risk

At the end of the reporting period, Gabungan Strategik's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

Gabungan Strategik has no major concentration of credit risk as at 31 December 2011 except for trade balances due from four (4) customers amounting to RM67,730,000.

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 Section 9.2.10. Bank balances are placed with reputable financial institutions with good standing. The Directors believe that the possibility of non-performance by the financial institutions is remote on the basis of their financial strength.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Section 9.2.10.

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.23 Financial instruments

(c) Fair values of financial instruments

The fair values of financial instruments that are no carried at fair value and whose carrying amounts do not approximate it fair value are as follows:

	Section	Carrying amount RM'000	Fair value RM'000
At 31 Dec 2011			
Recognised			
Financial liabilities			
Hire-purchase creditors	9.2.15	1,163	1,142
At 31 Dec 2010			
Recognised			
Financial liabilities			
Hire-purchase creditors	9.2.15	174	171
At 31 Dec 2009			
Recognised			
Financial liabilities			
Hire-purchase creditors	9.2.15	464	459

(d) Methods and assumptions used to estimate fair value

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

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

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

(ii) Hire-purchase creditors

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

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.23 Financial instruments (continued)

(e) Capital management

Gabungan Strategik's objectives when managing capital are:

(i) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholders and other stakeholders; and

(ii) to provide adequate returns to its shareholders.

Gabungan Strategik sets the amount of capital in proportion to risk. Gabungan Strategik manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes were made in the objectives, policies or processes during the FYE 31 December 2011, 31 December 2010 and 31 December 2009.

Gabungan Strategik is not subject to any externally imposed capital requirements.

9.2.24 Adjustments and reclassifications

(a) Certain figures in the audited financial statements have been reclassified to conform with the presentation for the FYE 31 December 2010, as follows:

	As restated	As previously reported
	RM'000	RM'000
<u>31 Dec 2009</u>		
Statement of financial position		
Current assets		
Receivable from customers	-	2,828
Work in progress	-	158
Trade receivables	-	33,639
Other receivables, deposits and prepayments	-	30,372
Receivable from subsidiary companies	-	204
Receivable from Directors	-	750
Trade and other receivables	67,951	-
Fixed deposits	-	64,331
Cash and bank balances	-	7,040
Cash and cash equivalents	71,371	-
Non-current liabilities		
Hire-purchase creditors	-	269
Borrowings	269	-
Current liabilities		
Payable to customers	-	40,626
Advances from customers	-	26,455
Trade payables	-	43,604
Other payables and accruals	-	984
Trade and other payables	111,669	-
Hire-purchase creditors	-	195
Borrowings	195	-

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.2 Gabungan Strategik (continued)

9.2.24 Adjustments and reclassifications (continued)

(b) Prior year adjustments

Certain comparative figures in the financial statements of Gabungan Strategik for the financial year ended ('FYE') 31 December 2009 have been restated in view of the following prior year adjustments ('PYAs'):

(i) Impairment losses for doubtful debts of RM843,000;

(ii) Under recognition of contract costs and revenue of RM16,083,000 and RM19,464,000 respectively; and

(iii) Recognition of income tax liabilities of RM845,000.

The effects of correction of the abovementioned errors are as follows:

	Statement of comprehensive income			Statement of financial position			
31 Dec 2009	Revenue RM'000	Contract costs RM'000	Tax expense RM'000	Trade and other receivables RM'000	Trade and Other payables RM'000	Current tax liabilities RM'000	Retained earnings RM'000
As previously reported/ restated	(160,419)	133,161	6,523	67,951	(111,669)	(2,285)	(25,240)
Adjustments:							
- Impairment losses for doubtful debts	-	-	-	(843)	-	-	843
- Under recognition of contract costs							
- FYE 2008	-	-	-	-	(3,343)	-	3,343
- FYE 2009	-	12,740	-	-	(12,740)	-	12,740
- Under recognition of revenue:							
- FYE 2008	-	-	-	-	3,768	-	(3,768)
- FYE 2009	(15,696)	-	-	-	15,696	-	(15,696)
- Under recognition of Tax expense:							
- FYE 2008	-	-	-	-	-	(106)	106
- FYE 2009	-	-	739	-	-	(739)	739
As restated	(176,115)	145,901	7,262	67,108	(108,288)	(3,130)	(26,933)

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas

9.3.1 Statements of comprehensive income of Megah Ikhlas

The statements of comprehensive income Megah Ikhlas, which are extracted from the audited financial statements for the three (3) financial years up to the FYE 31 December 2011, are set out below:

	Section	FYE 31 Dec		
		2009 RM'000 (restated)	**2010 RM'000**	**2011 RM'000**
Contract revenue		52,009	45,173	15,689
Contract costs		(28,567)	(14,857)	(9,667)
Gross profit		23,442	30,316	6,022
Other income		63	68	285
Operating costs		(2,142)	(3,406)	(3,906)
Finance costs		(13)	(9)	(16)
Profit before tax	9.3.5	21,350	26,969	2,385
Tax expense	9.3.6	(5,357)	(6,998)	(762)
Profit for the financial year		15,993	19,971	1,623
Other comprehensive income		-	-	-
Total comprehensive income		15,993	19,971	1,623
Earnings before interest, tax, depreciation and amortisation ('EBITDA') (RM'000)		*21,421*	*27,037*	*2,254*
Number of ordinary shares of RM1.00 each ('000)		*850*	*850*	*850*
Gross earnings per share (RM)		*25.12*	*31.73*	*2.81*
Net earnings per share (RM)		*18.82*	*23.50*	*1.91*
Gross profit ('GP') margin (%)		*45.07*	*67.11*	*38.38*
Profit before tax margin (%)		*41.05*	*59.70*	*15.20*
EBITDA margin (%)		*41.19*	*59.85*	*14.37*
Effective tax rate (%)		*25.09*	*25.95*	*31.95*

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.2 Statements of financial position of Megah Ikhlas

The statements of financial position of Megah Ikhlas, which are extracted from the audited financial statements for the three (3) financial years up to the FYE 31 December 2011, are set out below:

	Section	As at 31 Dec 2009 RM'000 (restated)	2010 RM'000	2011 RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	9.3.7	812	730	1,047
Investment in a subsidiary	9.3.8	-*	-	-
		812	730	1,047
Current assets				
Trade and other receivables	9.3.9	49,173	26,587	43,922
Cash and cash equivalents	9.3.10	8,893	26,278	2,303
		58,066	52,865	46,225
TOTAL ASSETS		58,878	53,595	47,272
EQUITY AND LIABILITIES				
Equity attributable to owners of Megah Ikhlas				
Share capital	9.3.11	850	850	850
Retained earnings	9.3.12	25,714	27,185	28,808
TOTAL EQUITY		26,564	28,035	29,658

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.2 Statements of financial position of Megah Ikhlas (continued)

	Section	As at 31 Dec		
		2009 RM'000 (restated)	2010 RM'000	2011 RM'000
LIABILITIES				
Non-current liabilities				
Borrowings	9.3.13	147	95	374
Deferred tax liabilities	9.3.15	39	39	76
		186	134	450
Current liabilities				
Trade and other payables	9.3.16	28,298	15,674	13,010
Current tax liabilities		3,780	9,699	3,931
Borrowings	9.3.13	50	53	223
		32,128	25,426	17,164
TOTAL LIABILITIES		32,314	25,560	17,614
TOTAL EQUITY AND LIABILITIES		58,878	53,595	47,272
No. of ordinary shares of RM1.00 each in issue ('000)		*850*	*850*	*850*
Net assets (RM'000)		*26,564*	*28,035*	*29,658*
Net assets per ordinary share of RM1.00 each (RM)		*31.25*	*32.98*	*34.89*
Trade receivables' turnover period (days)		*158.15*	*206.63*	*515.71*
Trade payables' turnover period (days)		*356.02*	*188.06*	*290.54*
Gearing ratio (times)		*0.01*	*0.01*	*0.02*

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.3 Statements of cash flows of Megah Ikhlas

The statements of cash flows of Megah Ikhlas, which are extracted from the audited financial statements for the three (3) financial years up to the FYE 31 December 2011, are set out below:

	Section	FYE 31 Dec 2009 RM'000 (restated)	2010 RM'000	2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		21,350	26,969	2,385
Adjustments for:				
Depreciation of property, plant and equipment	9.3.7	132	126	120
Impairment losses on trade and other receivables		-	890	-
Interest expense		13	9	16
Interest income		(74)	(67)	(267)
Loss/(Gain) on disposal of property, plant and equipment		14	-	(16)
Loss on disposal of subsidiaries		-	-*	-
Property, plant and equipment written off	9.3.7	-	-	-*
Operating profit before changes in working capital		21,435	27,927	2,238
Changes in working capital:				
Trade and other receivables		(8,151)	8,695	9,479
Trade and other payables		(4,535)	(18,123)	(1,612)
Cash generated from operations		8,749	18,499	10,105
Tax refunded		-	-	428
Tax paid		(1,375)	(1,078)	(6,922)
Interest paid		(1)	-	(10)
Interest received		74	67	267
Net cash from operating activities		7,447	17,488	3,868

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.3 Statements of cash flows of Megah Ikhlas (continued)

	Section	FYE 31 Dec 2009 RM'000 (restated)	2010 RM'000	2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of subsidiaries		-	-*	-
Proceeds from disposal of property, plant and equipment		23	-	71
Purchase of property, plant and equipment	9.3.7(a)	(60)	(44)	(84)
Advances to holding company		-	-	(92)
Advances to related companies		-	-	(22,272)
Net cash used in investing activities		(37)	(44)	(22,377)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid		(12)	(9)	(6)
Repayments to hire-purchase creditors		(47)	(50)	(53)
(Placements)/Withdrawals of fixed deposits pledged		(595)	70	(102)
Dividend paid		-	-	(5,500)
Net cash (used in)/from financing activities		(654)	11	(5,661)
Net increase/(decrease) in cash and cash equivalents		6,756	17,455	(24,170)
Cash and cash equivalents at beginning of financial year		101	6,857	24,312
Cash and cash equivalents at end of financial year	9.3.10	6,857	24,312	142

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.4 Statements of changes in equity of Megah Ikhlas

The statements of changes in equity of Megah Ikhlas, which are extracted from the audited financial statements for the three (3) financial years up to the FYE 31 December 2011, are set out below:

	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
Balance at 1 January 2009	850	9,721	10,571
Total comprehensive income	-	15,993	15,993
Balance at 31 December 2009	850	25,714	26,564
Total comprehensive income	-	19,971	19,971
Transactions with owners Dividends paid	-	(18,500)	(18,500)
Balance at 31 December 2010	850	27,185	28,035
Total comprehensive income	-	1,623	1,623
Balance at 31 December 2011	850	28,808	29,658

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.5 Profit before tax

	<----------FYE 31 Dec---------->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:			
Auditors' remuneration	20	25	30
Depreciation of property, plant and equipment	132	126	120
Directors' remuneration:			
- Fees	6	6	6
- Other emoluments	221	307	330
Impairment losses on trade and other receivables	-	890	-
Interest expense on:			
- hire-purchase	12	9	6
- bank overdrafts	1	-	10
Loss on disposal of subsidiaries	-	-*	-
Loss on disposal of property, plant and equipment	14	-	-
Management fees	18	18	6
Property , plant and equipment written off	-	-	-*
Realised loss on foreign exchange	1	-	-
Rental of :			
- copier	2	2	2
- premises	35	36	40
And crediting:			
Gain on disposal of property, plant and equipment	-	-	16
Interest income from fixed deposits	74	67	267

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.6 Tax expense

	<----FYE 31 Dec----		---->
	2009 RM'000	2010 RM'000	2011 RM'000
Current tax expense based on profit for the financial year	5,329	7,000	766
Under/(Over) provision in prior years	9	(2)	(41)
	5,338	6,998	725
Deferred tax (Section 9.3.15)			
Relating to original and reversal of temporary differences	17	-	-*
Under provision in prior years	-	-	37
	17	-	37
Withholding tax	2	-	-
	5,357	6,998	762

* Amount less than RM1,000

The Malaysian income tax is calculated at the statutory tax rate of 25% (2010: 25% and 2009: 25%) of the estimated taxable profits for the fiscal year.

The numerical reconciliation between the applicable tax expense and the effective tax expense of Megah Ikhlas is as follows:

	<----FYE 31 Dec----		---->
	2009 RM'000	2010 RM'000	2011 RM'000
Profit before tax	21,350	26,969	2,385
Tax at Malaysian statutory tax rate of 25% (2010: 25% and 2009: 25%)	5,337	6,742	596
Tax effects in respect of:			
Expenses not deductible for tax purposes	34	283	195
Non-taxable income	-*	-	-
Reduction in tax rate on the first RM500,000 of chargeable income	(25)	(25)	(25)
Withholding tax	2	-	-
	5,348	7,000	766
Under/(Over) provision of tax expense in prior years	9	(2)	(41)
Under provision of deferred tax in prior years	-	-	37
	5,357	6,998	762

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.7 Property, plant and equipment

2011	Balance as at 1.1.2011 RM'000	Additions RM'000	Written off RM'000	Disposal RM'000	Balance as at 31.12.2011 RM'000
At cost					
Office and computer equipment	300	16	-	-	316
Furniture, fittings and renovation	212	-	(1)	-	211
Motor vehicles	591	476	-	(183)	884
Operation and construction equipment	56	-	-	-	56
Plant, machinery and cabins	45	1	-	-	46
Buildings	197	-	-	-	197
Signboards	1	-	-	-	1
	1,402	493	(1)	(183)	1,711

	Balance as at 1.1.2011 RM'000	Charge for the year RM'000	Written off RM'000	Disposal RM'000	Balance as at 31.12.2011 RM'000
Accumulated depreciation					
Office and computer equipment	229	37	-	-	266
Furniture, fittings and renovation	122	14	-*	-	136
Motor vehicles	205	63	-	(128)	140
Operation and construction equipment	56	-*	-	-	56
Plant, machinery and cabins	36	2	-	-	38
Buildings	24	4	-	-	28
Signboards	-*	-*	-	-	-*
	672	120	-*	(128)	664

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.7 Property, plant and equipment

2010	Balance as at 1.1.2010 RM'000	Additions RM'000	Balance as at 31.12.2010 RM'000
At cost			
Office and computer equipment	281	19	300
Furniture, fittings and renovation	210	2	212
Motor vehicles	575	16	591
Operation and construction equipment	56	-	56
Plant and machinery and cabins	38	7	45
Buildings	197	-	197
Signboards	1	-	1
	1,358	44	1,402

	Balance as at 1.1.2010 RM'000	Charge for the year RM'000	Balance as at 31.12.2010 RM'000
Accumulated depreciation			
Office and computer equipment	189	40	229
Furniture, fittings and renovation	106	16	122
Motor vehicles	148	57	205
Operation and construction equipment	52	4	56
Plant and machinery and cabins	31	5	36
Buildings	20	4	24
Signboards	-*	-*	-*
	546	126	672

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.7 Property, plant and equipment (continued)

2009	Balance as at 1.1.2009 RM'000	Additions RM'000	Disposals RM'000	Balance as at 31.12.2009 RM'000
At cost				
Office and computer equipment	230	55	(4)	281
Furniture, fittings and renovation	205	5	-	210
Motor vehicles	655	-	(80)	575
Operation and construction equipment	56	-	-	56
Plant and machinery and cabins	38	-	-	38
Buildings	197	-	-	197
Signboards	1	-	-	1
	1,382	60	(84)	1,358

Accumulated depreciation	Balance as at 1.1.2009 RM'000	Charge for the year RM'000	Disposals RM'000	Balance as at 31.12.2009 RM'000
Office and computer equipment	150	42	(3)	189
Furniture, fittings and renovation	91	15	-	106
Motor vehicles	130	62	(44)	148
Operation and construction equipment	46	6	-	52
Plant, machinery and cabins	28	3	-	31
Buildings	16	4	-	20
Signboards	-*	-*	-	-*
	461	132	(47)	546

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.7 Property, plant and equipment (continued)

	<------As at 31 Dec------>		
	2009	2010	2011
	RM'000	RM'000	RM'000
Net carrying amount			
Office and computer equipment	92	71	50
Furniture, fittings and renovation	104	90	75
Motor vehicles	427	386	744
Operation and construction equipment	4	-*	-*
Plant, machinery and cabins	7	9	8
Buildings	177	173	170
Signboards	1	1	-*
	812	730	1,047

* Amount less than RM1,000

(a) Megah Ikhlas made the following cash payments to purchase property, plant and equipment:

	<------As at 31 Dec------>		
	2009	2010	2011
	RM'000	RM'000	RM'000
Purchase of property, plant and equipment	60	44	493
Financed by hire-purchase arrangements	-	-	(409)
Cash payments on purchase of property, plant and equipment	60	44	84

(b) The net carrying amounts of Megah Ikhlas's property, plant and equipment acquired under hire-purchase arrangements are as follows:

	<------As at 31 Dec------>		
	2009	2010	2011
	RM'000	RM'000	RM'000
Motor vehicles	252	232	673

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.8 Investment in a subsidiary

	<-----As at 31 Dec----->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Unquoted equity shares in Malaysia, at cost			
At beginning of financial year	-*	-*	-
Acquisition	-	-	-
Disposal	-	-*	-
At end of financial year	-*	-	-

* Amount less than RM1,000

On 1 July 2010, Megah Ikhlas disposed Karisma Dedikas Sdn. Bhd. for a cash consideration of RM2.

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

Name of company	Interest in equity held <--As at 31 Dec--> 2009 %	2010 %	2011 %	Principal activities
Karisma Dedikasi Sdn. Bhd.	100	-	-	Investment holding
Subsidiary of Karisma Dedikasi Sdn. Bhd.				
Penang Hill Company Hotels and Restaurant Sdn. Bhd.	90	-	-	Hotelier and restaurateurs

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.9 Trade and other receivables

	As at 31 Dec 2009 RM'000	2010 RM'000	2011 RM'000
Trade receivables			
Third parties	13,340	15,526	12,226
Retention sums	8,023	8,016	3,202
Related company	-	-	5,233
Amounts due from contract customers (Section 9.3.17)	1,172	2,149	1,624
	22,535	25,691	22,285
Less: Impairment losses - Third parties	-	(118)	(118)
	22,535	25,573	22,167
Other receivables, deposits and prepayments			
Other receivables	23,456	1,706	832
Amounts owing from subsidiaries	236	-	-
Amount owing from a Director	2,881	-	-
Amount owing from holding company	-	-	92
Amounts owing from related companies	-	-	21,487
Deposits	26	42	68
Prepayments	39	39	49
	26,638	1,787	22,528
Less: Impairment loss - Other receivables	-	(773)	(773)
	26,638	1,014	21,755
	49,173	26,587	43,922

(a) Third party trade receivables are non-interest bearing and the normal credit terms granted by Megah Ikhlas range from 30 to 60 days (2010: 30 to 60 days and 2009: 30 to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.9 Trade and other receivables (continued)

(b) Amounts owing from related companies represent balances arising from normal trade transactions, advances and payments made on behalf, which are unsecured, interest-free and repayable upon demand in cash and cash equivalents.

Included in trade amounts owing from related company are retention sums, which are expected to be collected as follows:

	<--------------As at 31 Dec	-------------->	
	2009	2010	2011
	RM'000	RM'000	RM'000
Within one (1) year	-	-	2,985
Within two (2) years	-	-	1,093
	-	-	4,078

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

	<--------------As at 31 Dec	-------------->	
	2009	2010	2011
	RM'000	RM'000	RM'000
Within one (1) year	-	5,129	1,551
Within two (2) years	8,023	2,887	1,651
	8,023	8,016	3,202

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

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.9 Trade and other receivables (continued)

(e) The ageing analysis of trade receivables of Megah Ikhlas is as follows:

	<--------------As at 31 Dec-------------->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Neither past due nor impaired	11,923	19,176	8,255
Past due, not impaired			
0 - 30 days	1,303	-	-
31 - 120 days	6,298	274	8,361
More than 120 days	3,011	6,123	5,551
	10,612	6,397	13,912
Past due and impaired	-	118	118
	22,535	25,691	22,285

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 Megah Ikhlas.

None of the trade receivables of Megah Ikhlas 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 Megah Ikhlas that are past due but not impaired are unsecured in nature. They are creditworthy debtors.

Receivables that are past due and impaired

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

The reconciliation of movement in the impairment loss is as follows:

	<-------------- As at 31 Dec ------------->		
	2009	2010	2011
	RM'000	RM'000	RM'000
At beginning of financial year	-	-	118
Charge for the year	-	118	-
At end of financial year	-	118	118

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

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

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.10 Cash and cash equivalents

	<-----As at 31 Dec----->		
	2009 RM'000	2010 RM'000	2011 RM'000
Cash and bank balances	6,857	13,312	235
Deposits with licensed banks	2,036	12,966	2,068
As per statements of financial position	8,893	26,278	2,303
Bank overdraft included in borrowings	-	-	(93)
	8,893	26,278	2,210
Less: Fixed deposits pledged	(2,036)	(1,966)	(2,068)
As per statements of cash flows	6,857	24,312	142

(a) Deposits with licensed banks have maturity period ranging from seven (7) days to one (1) year (2010: seven (7) days to one (1) year and 2009: seven (7) days to one (1) year).

(b) Fixed deposits with licensed banks are pledged to licensed banks as securities for bank overdraft facility granted to Megah Ikhlas (Section 9.3.13).

(c) All cash and cash equivalents are denominated in RM.

9.3.11 Share capital

	<-----As at 31 Dec----->		
	2009 RM'000	2010 RM'000	2011 RM'000
Ordinary shares of RM1.00 each:			
Authorised	1,000	1,000	1,000
Issued and fully paid-up:			
At end of financial year	850	850	850

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

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.12 Retained earnings

Effective 1 January 2008, Megah Ikhlas is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

Megah Ikhlas has moved to a single tier system and as a result, there are no longer any restrictions on Megah Ikhlas to frank the payment of dividends out of its entire retained earnings as at the end of the reporting period.

9.3.13 Borrowings

		<--------------As at 31 Dec------------>		
	Section	2009 RM'000	2010 RM'000	2011 RM'000
Non-current liabilities				
Hire-purchase creditors	9.3.14	147	95	374
Current liabilities				
Hire-purchase creditors	9.3.14	50	53	130
Bank overdraft		-	-	93
		50	53	223
		197	148	597
Total borrowings				
Hire-purchase creditors	9.3.14	197	148	504
Bank overdraft		-	-	93
		197	148	597

(a) Bank overdraft of Megah Ikhlas is secured by deposits pledged with licensed banks (Section 9.3.10) as well as jointly and severally guaranteed by all the Directors of Megah Ikhlas.

(b) All borrowings are denominated in RM.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.14 Hire-purchase creditors

	<---As at 31 Dec		-->
	2009 RM'000	2010 RM'000	2011 RM'000
Total minimum hire-purchase payments	216	158	557
Less: Future interest charges	(19)	(10)	(53)
Present value of hire-purchase payments	197	148	504
Repayable as follows:			
Current liabilities:			
- not later than one (1) year	50	53	130
Non-current liabilities:			
- later than one (1) year and not later than five (5) years	147	95	374
	197	148	504

9.3.15 Deferred tax liabilities

	<---As at 31 Dec		-->
	2009 RM'000	2010 RM'000	2011 RM'000
At beginning of financial year	22	39	39
Recognised in profit and loss (Section 9.3.6)	17	-	37
At end of financial year	39	39	76

The deferred tax liabilities are in respect of temporary differences arising from property, plant and equipment.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.16 Trade and other payables

	<----As at 31 Dec---->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Trade payables			
Third parties	4,445	3,990	4,053
Retention sum	2,944	2,548	1,803
Amounts due to contract customers (Section 9.3.17)	20,475	1,117	1,839
	27,864	7,655	7,695
Other payables and accruals			
Other payables	77	19	2
Accruals	357	2,405	770
Amount due to a Director	-	95	95
Amount owing to a related company	-	-	4,448
Dividend payable	-	5,500	-
	434	8,019	5,315
	28,298	15,674	13,010

(a) Third parties trade payables are non-interest bearing and the normal credit terms granted to Megah Ikhlas range from 30 to 60 days (2010: 30 to 60 days and 2009: 30 to 60 days).

(b) Amounts owing to a Director and related company represent advances, which are unsecured, interest-free and repayable on demand in cash and cash equivalents.

(c) All trade and other payables are denominated in RM.

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.17 Amounts due from/(to) contract customers

	<--- As at 31 Dec --->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Aggregate costs incurred to date	86,926	101,046	92,795
Add: Attributable profits	39,526	68,662	64,220
	126,452	169,708	157,015
Less: Progress billings	(145,755)	(168,676)	(157,230)
	(19,303)	1,032	(215)
Amounts due from contract customers (Section 9.3.9)	1,172	2,149	1,624
Amounts due to contract customers (Section 9.3.16)	(20,475)	(1,117)	(1,839)
	(19,303)	1,032	(215)

Additions to aggregate costs incurred during the financial year included:

	<--- FYE 31 Dec --->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Salaries, bonus and overtime	156	207	114
EPF and Socso contributions	21	30	16
Other benefits	-*	-	-
Rental of:			
- plant and machinery	75	157	87
- motor vehicles	30	114	6

* Amount less than RM1,000

9.3.18 Contingent liabilities

	<--- As at 31 Dec --->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Bank guarantees given by a financial institution in respect of construction contracts	1,500	1,241	660

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

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.19 Dividends

	<---FYE 31 Dec---					-->
	2009		2010		2011	
	Gross dividend per share RM	Amount of dividend RM'000	Gross dividend per share RM	Amount of dividend RM'000	Gross dividend per share RM	Amount of dividend RM'000
Interim dividends paid	-	-	18.47	13,000	-	-
Final dividend declared	-	-	6.47	5,500	-	-
	-	-	24.94	18,500	-	-

9.3.20 Employee benefits

	<---FYE 31 Dec---		--->
	2009 RM'000	2010 RM'000	2011 RM'000
Wages and salaries	1,552	1,818	2,503
EPF and socso contributions	193	229	311
Other benefits	8	10	20
	1,753	2,057	2,834

Included in the employee benefits of Megah Ikhlas are Directors' remuneration amounting RM336,000 (2010: RM313,000 and 2009: RM227,000).

9.3.21 Related party disclosures

(a) Identities of related parties

Parties are considered to be related to Megah Ikhlas if Megah Ikhlas 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 Megah Ikhlas and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of Megah Ikhlas include:

(i) its holding company and related companies;

(ii) key management personnel, which comprises persons (including the Directors of Megah Ikhlas) having authority and responsibility for planning, deciding and controlling the activities of Megah Ikhlas directly or indirectly; and

(iii) companies in which the Directors of Megah Ikhlas or their close family members have substantial financial interests or significant influence.

Megah Ikhlas has controlling related party relationship with its subsidiaries and holding company.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.21 Related party disclosures

(b) Megah Ikhlas had the following transactions with related parties during the financial years:

	<--------------FYE 31 Dec-------------->		
	2009 RM'000	2010 RM'000	2011 RM'000
Progress billing on construction contracts received/receivable	32,398	24,682	-
Purchase of construction materials	1,467	272	-
Management fees paid/payable	18	18	-

Material balances with related parties at the end of the financial year are disclosed in Section 9.3.9 and Section 9.3.16.

These transactions have been entered into the normal course of business and have been established under negotiated commercial terms.

(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 or indirectly, including any director (whether executive or otherwise) of Megah Ikhlas.

The remuneration of Directors during the financial year was as follows:

	<------------FYE 31 Dec------------>		
	2009 RM'000	2010 RM'000	2011 RM'000
Short term employee benefits	196	279	300
Other benefits	31	34	36
	227	313	336

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.22 Financial instruments

(a) Categories of financial instruments

	<------------ As at 31 Dec ----------->		
	2009 RM'000	2010 RM'000	2011 RM'000
Financial assets			
Loans and receivables			
Trade and other receivables	49,173	26,587	43,922
Cash and cash equivalents	8,893	26,278	2,303
	58,066	52,865	46,225
Financial liabilities			
Other financial liabilities			
Borrowings	197	148	597
Trade and other payables	28,298	15,674	13,010
	28,495	15,822	13,607

(b) Financial risk management objectives and policies

The Megah Ikhlas's overall financial risk management objective is to ensure that it creates value for its shareholders while minimising potential adverse effects on its performance. Megah Ikhlas is exposed mainly to interest rate risk, liquidity and cash flow risk as well as credit risk. Information on the management of the related exposures are detailed below:

(i) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect Megah Ikhlas's financial position and cash flows.

Interest rate risk mainly arises from Megah Ikhlas's fixed deposits and borrowings.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.22 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(i) Interest rate risk (continued)

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

At 31 Dec 2011	Section	WAEIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Fixed rates									
Deposits with licensed banks	9.3.10	2.76	2,068	-	-	-	-	-	2,068
Hire-purchase creditors	9.3.14	5.00	130	116	82	86	90	-	504
Floating rates									
Bank overdraft	9.3.13	8.60	93	-	-	-	-	-	93

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 *Megah* Ikhlas (continued)

9.3.22 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(i) Interest rate risk (continued)

The following tables set out the carrying amounts, the weighted average effective interest rates ('WAEIR') as at the end of financial year and the remaining maturities of *Megah* Ikhlas's financial instruments that are exposed to interest rate risk (continued):

	Section	WAEIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
At 31 Dec 2010									
Fixed rates									
Deposits with licensed banks	9.3.10	2.33	12,966	-	-	-	-	-	12,966
Hire-purchase creditors	9.3.14	5.19	53	56	39	-	-	-	148
At 31 Dec 2009									
Fixed rates									
Deposits with licensed banks	9.3.10	3.28	2,036	-	-	-	-	-	2,036
Hire-purchase creditors	9.3.14	5.19	50	53	56	38	-	-	197

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.22 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(i) Interest rate risk (continued)

Interest rate risk sensitivity analysis

The following table indicates the approximate (decrease)/increase in profit for the financial year in response to reasonably possible changes in an interest rate to which Megah Ikhlas has significant exposure at the end of reporting year. In determining the effect of profit for the financial year, the assumed movement in the basis points for interest rate sensitivity analysis is based on the currently observed market environment.

	<--------------FYE 31 Dec----------->		
	2009	2010	2011
	RM'000	RM'000	RM'000
Applicable interest rate:			
Increase by 100 basis points	14	96	11
Decrease by 100 basis points	(14)	(96)	(11)

(ii) Liquidity and cash flow risk

Liquidity and cash flow risk arises from Megah Ikhlas's management of working capital. It is the risk that Megah Ikhlas will encounter difficulty in meeting its financial obligations when due.

Megah Ikhlas monitors and maintains a level of cash and cash equivalents deemed adequate by management to mitigate the effects of fluctuations in cash flows.

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9.3 Megah Ikhlas (continued)

9.3.22 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Liquidity and cash flow risk (continued)

The maturity analysis for financial liabilities that shows the remaining contractual maturities based on undiscounted cash flows is as follows:

	Carrying amount RM'000	Undiscounted contractual cash flows RM'000	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000
At 31 Dec 2011							
Borrowings	597	647	243	131	92	92	92
Trade and other payables	13,010	13,010	13,010	-	-	-	-
At 31 Dec 2010							
Borrowings	148	158	59	59	40	-	-
Trade and other payables	15,674	15,674	15,674	-	-	-	-
At 31 Dec 2009							
Borrowings	197	216	59	59	59	39	-
Trade and other payables	28,298	28,298	28,298	-	-	-	-

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.22 Financial instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Credit risk

Credit risk is the risk of financial loss to Megah Ikhlas if a counter party to a financial instrument fails to perform as contracted. Megah Ikhlas is mainly exposed to credit risk from trade and other receivables. It is Megah Ikhlas's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that Megah Ikhlas is exposed to minimal credit risk.

Exposure to credit risk

At the end of the reporting period, Megah Ikhlas's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Credit risk concentration profile

Megah Ikhlas has no major concentration of credit risk as at 31 December 2011 except for trade balances due from two (2) customers amounting to RM14,725,130.

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 Section 9.3.9. Bank balances are placed with reputable financial institutions with good standing. The Directors believe that the possibility of non-performance by the financial institutions is remote on the basis of their financial strength.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired disclosed in Section 9.3.9.

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.22 Financial instruments (continued)

(c) Fair values of financial instruments

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

	Carrying amount RM'000	Fair value RM'000
At 31 Dec 2011		
Recognised		
Financial liabilities		
Hire-purchase creditors	504	496
At 31 Dec 2010		
Recognised		
Financial liabilities		
Hire-purchase creditors	148	145
At 31 Dec 2009		
Recognised		
Financial liabilities		
Hire-purchase creditors	197	183

(d) Methods and assumptions used to estimate fair value

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

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

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

(ii) Hire-purchase creditors

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

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.22 Financial instruments (continued)

(e) Capital management

Megah Ikhlas's objectives when managing capital are:

(i) to safeguard its ability to continue as a going concern, so that it can continue to provide returns for its shareholders and other stakeholders; and

(ii) to provide adequate returns to its shareholders.

Megah Ikhlas sets the amount of capital in proportion to risk. Megah Ikhlas manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. No changes were made in the objectives, policies or processes during the FYE 31 December 2011, 31 December 2010 and 31 December 2009.

Megah Ikhlas is not subject to any externally imposed capital requirements.

9.3.23 Adjustments and reclassifications

(a) Certain figures in the audited financial statements have been reclassified to conform with the presentation for the FYE 31 December 2010, as follows:

	As restated RM'000	As previously stated RM'000
31 Dec 2009		
Statement of financial position		
Current assets		
Work in progress	-	61
Trade receivables	-	21,302
Other receivables, deposits and prepayments	-	23,552
Receivable from a subsidiary company	-	236
Receivable from a Director	-	2,881
Trade and other receivables	49,173	-
Fixed deposits	-	2,036
Cash and bank balances	-	6,857
Cash and cash equivalents	8,893	-
Non-current liabilities		
Hire-purchase creditors	-	147
Borrowings	147	-
Current liabilities		
Trade payables	-	7,389
Payable to customers	-	35,768
Other payables and accruals	-	465
Trade and other payables	44,763	-
Hire-purchase creditors	-	50
Borrowings	50	-

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.3 Megah Ikhlas (continued)

9.3.23 Adjustments and reclassifications (continued)

(b) Prior year adjustments

Certain comparative figures in the financial statements of Megah Ikhlas for the financial year ended ('FYE') 31 December 2009 have been restated in view of the following ('PYAs'):

(i) Under recognition of contract revenue of RM16,465,000; and

(ii) Recognition of income tax liability of RM4,116,000.

The effects of correction of the abovementioned errors are as follows:

	Statements of comprehensive income		Statements of <------financial position----->		
	Revenue RM'000	Tax expense RM'000	Trade and other payables RM'000	Current tax liabilities RM'000	Retained earnings RM'000
31 Dec 2009					
As previously reported/restated	(35,544)	1,241	(44,763)	336	(13,365)
Adjustments:					
-Being adjustment for under recognition of revenue for financial year ended 2009	(16,465)	-	16,465	-	(16,465)
- Being adjustment for under recognition of tax expenses for financial year ended 2009	-	4,116	-	(4,116)	4,116
As restated	(52,009)	5,357	(28,298)	(3,780)	(25,714)

9. **HISTORICAL FINANCIAL INFORMATION (continued)**

9.4 AQRS

9.4.1 **Statements of comprehensive income of AQRS**

The statements of comprehensive income of AQRS, which are extracted from the audited financial statements for the FYE 30 September 2009, FPE 31 December 2010 and FYE 31 December 2011, are set out below:

	Section	FYE 30 Sept 2009 RM'000	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000
Property development revenue		-	13,962	76,135
Property development costs		(172)	(9,669)	(50,790)
Gross (loss)/profit		(172)	4,293	25,345
Other income		82	118	521
Operating costs		(1,154)	(3,161)	(7,274)
Finance costs		(18)	(875)	(1,075)
(Loss)/Profit before tax	9.4.5	(1,262)	375	17,517
Taxation	9.4.6	-	215	(4,609)
(Loss)/Profit for the financial year/period		(1,262)	590	12,908
Other comprehensive income		-	-	-
Total comprehensive (loss)/income		(1,262)	590	12,908
(Losses)/Earnings before interest, tax, depreciation and amortisation ('(LBITDA)/ EBITDA') (RM'000)		*(1,090)*	*1,490*	*18,287*
Number of ordinary shares of RM1.00 each ('000)		*1,600*	*1,600*	*1,600*
Gross (losses)/earnings per share (RM)		*(0.79)*	*0.23*	*10.95*
Net (losses)/earnings per share (RM)		*(0.79)*	*0.37*	*8.07*
Gross profit ('GP') margin (%)		*N/A*	*30.75*	*33.29*
Profit before tax margin (%)		*N/A*	*2.69*	*23.01*
EBITDA margin (%)		*N/A*	*10.67*	*24.02*
Effective tax rate (%)		*N/A*	*(57.33)*	*26.31*

N/A: Not applicable

9.4 AQRS (continued)

9.4.2 Statements of financial position of AQRS

The statements of financial position of AQRS, which are extracted from the audited financial statements for the FYE 30 September 2009, FPE 31 December 2010 and FYE 31 December 2011, are set out below:

		As at 30 Sept	As at 31 Dec	
		2009	2010	2011
	Section	RM'000	RM'000	RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	9.4.7	1,036	1,043	1,435
Investments in subsidiaries	9.4.8	-*	-*	300
Investments in jointly controlled entities	9.4.9	-	300	-
Deferred tax assets	9.4.17	-	229	-
		1,036	1,572	1,735
Current assets				
Property development costs	9.4.10	26,057	41,803	58,084
Trade and other receivables	9.4.11	3,766	31,380	62,639
Current tax assets		156	65	-
Cash and cash equivalents	9.4.12	2,832	4,263	10,022
		32,811	77,511	130,745
TOTAL ASSETS		33,847	79,083	132,480
EQUITY AND LIABILITIES				
Equity attributable to owners of AQRS				
Share capital	9.4.13	1,600	1,600	1,600
Retained earnings	9.4.14	2,018	2,608	15,516
TOTAL EQUITY		3,618	4,208	17,116

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.2 Statements of financial position AQRS (continued)

		As at 30 Sept	As at 31 Dec	
		2009	2010	2011
	Section	RM'000	RM'000	RM'000
LIABILITIES				
Non-current liabilities				
Borrowings	9.4.15	6,367	4,649	11,588
Deferred tax liabilities	9.4.17	-	-	71
		6,367	4,649	11,659
Current liabilities				
Trade and other payables	9.4.18	20,749	62,397	98,321
Current tax liabilities		-	-	4,090
Borrowings	9.4.15	3,113	7,829	1,294
		23,862	70,226	103,705
TOTAL LIABILITIES		30,229	74,875	115,364
TOTAL EQUITY AND LIABILITIES		33,847	79,083	132,480
No. of ordinary shares of RM1.00 each in issue ('000)		*1,600*	*1,600*	*1,600*
Net assets (RM'000)		*3,618*	*4,208*	*17,116*
Net assets per ordinary share of RM1.00 each (RM)		*2.26*	*2.63*	*10.70*
Trade receivables' turnover period (days)		*N/A*	*76.10*	*39.35*
Trade payables' turnover period (days)		*N/A*	*580.59*	*232.54*
Gearing ratio (times)		*2.62*	*2.97*	*0.75*

N/A: Not applicable

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.3 Statements of cash flows of AQRS

The statements of cash flows of AQRS, which are extracted from the audited financial statements for the FYE 30 September 2009, FPE 31 December 2010 and FYE 31 December 2011, are set out below:

	Section	FYE 30 Sept 2009 RM'000	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before tax		(1,262)	375	17,517
Adjustments for:				
Bad debts written off		-	25	-
Depreciation of property, plant and equipment	9.4.7	154	313	297
Interest expense		18	875	585
Interest income		(55)	(73)	(112)
Property, plant and equipment written off	9.4.7	-*	-	-
Operating (loss)/profit before changes in working capital		(1,145)	1,515	18,287
Changes in working capital:				
Property development costs		(9,309)	(15,745)	(16,282)
Trade and other receivables		850	(5,214)	(37,801)
Trade and other payables		11,236	15,659	22,400
Cash generated from/(used in) operations		1,632	(3,785)	(13,396)
Tax paid		(30)	-	(153)
Tax refunded		-	76	-
Interest paid		(18)	(838)	(556)
Interest received		55	11	112
Net cash from/(used in) operating activities		1,639	(4,536)	(13,993)

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.3 Statements of cash flows of AQRS (continued)

	Section	FYE 30 Sept 2009 RM'000	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of subsidiaries		-	-	-*
(Advances to)/Repayments from jointly controlled entities		-	(21,929)	21,929
Advances to subsidiaries		(1,304)	(536)	(15,387)
Investment in jointly controlled entities		-	(300)	-
Purchase of property, plant and equipment	9.4.7	(678)	(150)	(271)
Net cash (used in)/from investing activities		(1,982)	(22,915)	6,271
CASH FLOWS FROM FINANCING ACTIVITIES				
Advances from/(Repayments to) Directors		-	26,028	(24,776)
Advances from related companies		-	-	34,112
Advances from holding company		-	-	4,188
Drawdown of bridging loan		-	4,233	6,749
Repayments of term loan		(9)	(1,309)	(6,667)
Placements of fixed deposits pledged		(54)	-	(62)
Proceeds from issuance of shares		400	-	-
Repayments to hire-purchase creditors		(40)	(132)	(125)
Net cash from financing activities		297	28,820	13,419
Net (decrease)/increase in cash and cash equivalents		(46)	1,369	5,697
Cash and cash equivalents at beginning of financial year/period		394	348	1,717
Cash and cash equivalents at end of financial year/period	9.4.12	348	1,717	7,414

* Amount less than RM1,000

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.4 Statements of changes in equity of AQRS

The statements of changes in equity of AQRS, which are extracted from the audited financial statements for the FYE 30 September 2009, FPE 31 December 2010 and FYE 31 December 2011, are set out below:

	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
Balance at 1 October 2008	1,200	3,280	4,480
Transactions with owners			
Issuance of shares	400	-	400
Total comprehensive loss	-	(1,262)	(1,262)
Balance at 30 September 2009	1,600	2,018	3,618
Total comprehensive income	-	590	590
Balance at 31 December 2010	1,600	2,608	4,208
Total comprehensive income	-	12,908	12,908
Balance at 31 December 2011	1,600	15,516	17,116

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.5 (Loss)/Profit before tax

	FYE 30 Sept 2009 RM'000	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000
(Loss)/Profit before tax is arrived at after charging:			
Auditors' remuneration:			
- current year provision	9	20	20
- over provision in prior year	-*	-*	-
Bad debt written off		25	-
Depreciation of property, plant and equipment	154	313	297
Directors' remuneration	-	339	314
Interest expense on:			
- hire-purchase	18	37	29
- term loan		838	556
Property, plant and equipment written off	-*	-	-
Rental:			
- premises	36	61	112
- office equipment	-	-	5
And crediting:			
Interest income from fixed deposits	55	73	112
Project management fee	-	-	332
Rental income	36	45	9

* Amount less than RM1,000.

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.6 Taxation

	FYE 30 Sept 2009 RM'000	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000
Current tax expense based on profit for the financial year	-	14	4,223
Under provision of tax expense in prior years	-	-	86
	-	14	4,309
Deferred tax (Section 9.4.17)			
Relating to origination and reversal of temporary differences	-	(229)	246
Under provision of tax in prior years	-	-	54
		(229)	300
	-	(215)	4,609

The Malaysian income tax is calculated at the statutory tax rate of 25% (31.12.2010: 25% and 30.9.2009: 25%) of the estimated taxable profits for the fiscal year.

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

	FYE 30 Sept 2009 RM'000	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000
(Loss)/Profit before tax	(1,262)	375	17,516
Tax at Malaysian statutory tax rate of 25% (31.12.2010: 25% and 30.9.2009: 25%)	(316)	94	4,379
Tax effects in respect of:			
Expenses not deductible for tax purposes	50	96	115
Unrecognised deferred tax assets	280	-	-
Utilisation of previously unrecognised deferred tax assets	(14)	(173)	-
Recognition of previously unrecognised deferred tax assets	-	(229)	-
Reduction in tax rate on the first RM500,000 of chargeable income	-	(3)	(25)
	-	(215)	4,469
Under provision of tax expense in prior years	-	-	86
Under provision of deferred tax in prior years	-	-	54
	-	(215)	4,609

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.6 Taxation

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

	FYE 30 Sept 2009 RM'000	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000
Unabsorbed capital allowances	80	-	-
Unused tax losses	1,292	-	-
	1,372	-	-

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

The unused tax losses and unabsorbed capital allowances do not expire under current tax legislation.

Tax savings of AQRS are as follows:

	FYE 30 Sept 2009 RM'000 RM	FPE 31 Dec 2010 RM'000 RM	FYE 31 Dec 2011 RM'000
Arising from utilisation of previously unrecognised tax losses	-	116	-

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.7 Property, plant and equipment

2011	Balance as at 1.1.2011 RM'000	Additions RM'000	Balance as at 31.12.2011 RM'000
At cost			
Office equipment	171	40	211
EDP equipment	76	116	192
Furniture & fittings	368	84	452
Motor vehicles under hire-purchase	975	449	1,424
	1,590	689	2,279

2011	Balance as at 1.1.2011 RM'000	Charge for the year RM'000	Balance as at 31.12.2011 RM'000
Accumulated depreciation			
Office equipment	38	21	59
EDP equipment	46	16	62
Furniture & fittings	74	42	116
Motor vehicles under hire-purchase	389	218	607
	547	297	844

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.7 Property, plant and equipment (continued)

2010	Balance as at 1.10.2009 RM'000	Additions RM'000	Balance as at 31.12.2010 RM'000
At cost			
Office equipment	111	60	171
EDP equipment	45	31	76
Furniture & fittings	329	39	368
Motor vehicles under hire-purchase	785	190	975
	1,270	320	1,590

2010	Balance as at 1.10.2009 RM'000	Charge for the period RM'000	Balance as at 31.12.2010 RM'000
Accumulated depreciation			
Office equipment	17	21	38
EDP equipment	35	11	46
Furniture & fittings	30	44	74
Motor vehicles under hire-purchase	152	237	389
	234	313	547

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9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.7 Property, plant and equipment (continued)

2009	Balance as at 1.10.2008 RM'000	Additions RM'000	Written off RM'000	Balance as at 30.9.2009 RM'000
At cost				
Office equipment	26	85	-	111
EDP equipment	38	7	-*	45
Furniture & fittings	23	306	-	329
Motor vehicles under hire-purchase	205	580	-	785
	292	978	-*	1,270

2009	Balance as at 1.10.2008 RM'000	Charge for the year RM'000	Written off RM'000	Balance as at 30.9.2009 RM'000
Accumulated depreciation				
Office equipment	9	8	-	17
EDP equipment	30	5	-*	35
Furniture & fittings	7	23	-	30
Motor vehicles under hire-purchase	34	118	-	152
	80	154	-*	234

* Amount less than RM1,000.

	As at 30 Sept 2009 RM'000	<---As at 31 Dec---> 2010 RM'000	2011 RM'000
Net carrying amount			
Office equipment	94	133	152
EDP equipment	10	30	130
Furniture & fittings	299	294	336
Motor vehicles	633	586	817
	1,036	1,043	1,435

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.7 Property, plant and equipment (continued)

AQRS made the following cash payments to purchase property, plant and equipment:

	FYE 30 Sept 2009 RM'000	FPE 31 Dec 2010 RM'000	FYE 31 Dec 2011 RM'000
Purchase of property, plant and equipment	978	320	689
Financed by hire-purchase arrangements	(300)	(170)	(418)
Cash payments on purchase of property, plant and equipment	678	150	271

9.4.8 Investments in subsidiaries

	As at 30 Sept 2009 RM'000	<----As at 31 Dec----> 2010 RM'000	2011 RM'000
Unquoted equity shares in Malaysia, at cost	-*	-*	300

* Represent RM100

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

Name of company	Interest in equity held 2009 %	2010 %	2011 %	Principal activities
Nusvista	-	50	100	Property development.
Grand Meridian	-	50	100	Property development.
Bright Reach	100	100	100	Investment holding.
Subsidiary of Bright Reach Sdn. Bhd.				
Crystal Aspect	64.50	64.50	64.50	Property development.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.9 Investments in jointly controlled entities

	As at 30 Sept	<----As at 31 Dec---->	
	2009	2010	2011
	RM'000	RM'000	RM'000
Unquoted equity shares, at cost			
At beginning of financial year/period	-	-	300
Additional investment during the year/period	-	300	-
Transfer to investment in subsidiaries	-	-	(300)
At end of financial year/period	-	300	-

* Amount less than RM1,000

On 16 November 2009, AQRS invested in a jointly controlled entity, Nusvista, with a cash consideration of RM1. On 29 June 2010, AQRS further invested in Nusvista, with a cash consideration of RM249,999. On 31 July 2010, AQRS invested in another jointly controlled entity, Grand Meridian with a cash consideration of RM50,000.

On 8 August 2011, AQRS completed the acquisition of the remaining 50% of the issued and paid up share capital of Nusvista comprising 250,000 ordinary shares of RM1.00 each and Grand Meridian comprising 50,000 ordinary shares of RM1.00 each from Gabungan Strategik for a total purchase consideration of RM2 pursuant to the conditional Share Sale Agreement entered on 13 January 2011 between AQRS and Gabungan Strategik. As a consequence, both Nusvista and Grand Meridian became wholly-owned subsidiaries of AQRS.

The details of the jointly controlled entities, which are incorporated in Malaysia, are as follows:

	Interest in equity held			
	As at 30 Sept	<---As at 31 Dec--->		
Name of company	2009	2010	2011	Principal activities
	%	%	%	
Nusvista	-	50	-	Property development.
Grand Meridian	-	50	-	Property development.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.10 Property development costs

	As at 30 Sept 2009 RM'000	<---As at 31 Dec---> 2010 RM'000	2011 RM'000
At beginning of financial year/period			
- Freehold land	15,607	15,607	16,505
- Leasehold land	-	7,500	7,500
- Development costs	1,141	3,122	28,005
- Accumulated costs charged to profit or loss	-	(172)	(10,208)
	16,748	26,057	41,803
Add: Costs incurred during the year/period			
- Freehold land	-	899	5,000
- Leasehold land	7,500	-	-
- Development costs	1,981	24,883	62,297
	9,481	25,782	67,297
Less: Costs shared by a subsidiary	-	-	(226)
Less: Costs recognised in profit or loss	(172)	(9,669)	(50,790)
Less: Completed developments			
- Reversal of development costs	-	(367)	-
At end of financial year/period	26,057	41,803	58,084

(a) Included in the property development costs of AQRS is freehold land amounting to RM16,505,000 (31.12.2010: RM16,505,000 and 30.9.2009: RM15,607,000) charged to a financial institution for banking facilities granted to AQRS (Section 9.4.15). At 31 December 2010, included in the property development costs of AQRS was leasehold land amounting to RM7,500,000 charged to a financial institution for banking facilities granted to AQRS (Section 9.4.15).

(b) On 21 October 2011, AQRS entered into a Development Agreement with Nusvista, a subsidiary, to carry out a development project on a leasehold land belonging to Nusvista situated at Mukim Sungai Buloh, Selangor. Pursuant to the Development Agreement, AQRS is entitled to a 50% share of profits before tax from the development project.

At the end of reporting period, AQRS had recognised a net amount payable to Nusvista of RM48,289 (31.12.2010: Nil and 30.9.2009: Nil), being the profit sharing portion accruing to Nusvista according to the terms and conditions stated in the Development Agreement.

(c) Freehold land under development of RM5,000,000 (31.12.2010: Nil and 30.9.2009: Nil) 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.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.10 Property development costs (continued)

(d) Included in property development costs of AQRS is an interest expense of RM648,000. (31.12.2010: RM20,000 and 30.9.2009: Nil). Interest is capitalised in property development costs at rates ranging from 5.1% to 8.1% (31.12.2010: 4.8%-7.8% and 30.9.2009: Nil) per annum.

9.4.11 Trade and other receivables

	As at 30 Sept 2009 RM'000	<---As at 31 Dec---> 2010 RM'000	2011 RM'000
Trade receivables			
Third parties	1,025	2,911	8,052
Related company	-	-	157
	1,025	2,911	8,209
Other receivables			
Accrued billings	146	3,376	35,892
Other receivables	-	73	60
Amounts owing from subsidiaries	2,555	3,091	18,478
Amounts owing from Directors	40	-	-
Amounts owing from jointly controlled entities	-	21,929	-
	2,741	28,469	54,430
	3,766	31,380	62,639

(a) Trade receivables are non-interest bearing and the normal credit terms granted by AQRS range from 30 to 60 days (31.12.2010: 30 to 60 days and 30.9.2009: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) Included in trade receivables of AQRS are trade amounts owing from Directors of AQRS, related companies and holding company as well as their close family members of RM900,000 (31.12.2010: Nil and 30.9.2009: Nil) arising from the purchase of development properties from AQRS. These amounts are unsecured, interest-free and payable upon demand in cash and cash equivalents. The management are of the view that this amount is recoverable. As at date of the financial statements, an amount of RM714,962 has been subsequently settled.

(c) Amount owing from a related company represents balances arising from normal trade transactions, which are unsecured, interest-fee and payable upon demand in cash and cash equivalents

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

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.11 Trade and other receivables (continued)

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

	As at 30 Sept 2009 RM'000	<---As at 31 Dec---> 2010 RM'000	2011 RM'000
Neither past due nor impaired	-	-	6,909
Past due, not impaired			
0 - 30 days	1,000	2,369	299
31 - 120 days	-	514	717
More than 120 days	25	28	284
	1,025	2,911	1,300
	1,025	2,911	8,209

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 AQRS.

None of the trade receivables of AQRS 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 AQRS that are past due but not impaired are unsecured in nature. They are creditworthy debtors.

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

9.4.12 Cash and cash equivalents

	As at 30 Sept 2009 RM'000	<---As at 31 Dec---> 2010 RM'000	2011 RM'000
Cash and bank balances	348	1,717	7,414
Fixed deposits with licensed banks	2,484	2,546	2,608
As per statements of financial position	2,832	4,263	10,022
Less: Fixed deposits pledged	(2,484)	(2,546)	(2,608)
As per statements of cash flows	348	1,717	7,414

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.12 Cash and cash equivalents

(a) Fixed deposits with licensed banks are pledged to licensed banks as securities for banking facilities granted to AQRS (Section 9.4.15).

(b) Fixed deposits with licensed banks have an average maturity period of one (1) month (31.12.2010: one (1) month and 30.9.2009: one (1) month).

(c) Included in cash and bank balances of AQRS is a balance of RM7,150,000 (31.12.2010: RM786,000 and 30.9.2009: RM7,000) 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 AQRS.

(d) All cash and cash equivalents are denominated in RM.

9.4.13 Share capital

	As at 30 Sept	<---As at 31 Dec--->	
	2009	2010	2011
	RM'000	RM'000	RM'000
Ordinary shares of RM1.00 each:			
Authorised	5,000	5,000	5,000
Issued and fully paid-up:			
At beginning of financial year/period	1,200	1,600	1,600
Issuance during the year	400	-	-
At end of financial year/period	1,600	1,600	1,600

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

9.4.14 Retained earnings

Effective 1 January 2008, AQRS is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

AQRS has decided not to make this election and has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and balance in the tax exempt account to frank the payment of net dividends amounting to RM4,077,000 out of its retained earnings as at 31 December 2011 without incurring additional tax liabilities. Any additional dividend payment will be made under the single-tier system.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.15 Borrowings

	Section	As at 30 Sept 2009 RM'000	<----As at 31 Dec---> 2010 RM'000	2011 RM'000
Non-current liabilities				
Hire-purchase creditors	9.4.16	367	416	682
Bridging loan		-	4,233	10,906
Term loan		6,000	-	-
		6,367	4,649	11,588
Current liabilities				
Hire-purchase creditors	9.4.16	61	87	144
Bridging loan		-	-	75
Term loan		3,052	7,742	1,075
		3,113	7,829	1,294
Total borrowings		9,480	12,478	12,882
Hire-purchase creditors	9.4.16	428	503	826
Bridging loan		-	4,233	10,981
Term loan		9,052	7,742	1,075
		9,480	12,478	12,882

(a) Term loan and bridging loan of AQRS are secured by the following:

(i) Freehold land and leasehold land under development belonging to AQRS (Section 9.4.10);

(ii) Fixed deposits (Section 9.4.12);

(iii) Assignment of HDA Account of the property development project ('Project') at Mukim of Ulu Kelang, Selangor (sales proceeds inclusive of profit from sales of the Project); and

(iv) Specific Debenture to secure the sum of RM20 million plus interest in such form as the Bank may require, incorporating first fixed and floating charges over all the Project's assets, both present and future.

The term loan and bridging loan are also jointly and severally guaranteed by certain Directors of AQRS and guaranteed by a subsidiary.

(b) All borrowings are denominated in RM.

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.16 Hire-purchase creditors

	As at 30 Sept 2009 RM'000	<---As at 31 Dec---> 2010 RM'000	2011 RM'000
Total minimum hire-purchase payments	506	578	947
Less: Future interest charges	(78)	(75)	(121)
Present value of hire-purchase creditors	428	503	826
Repayable as follows:			
Current liabilities:			
- not later than one (1) year	61	87	144
Non-current liabilities:			
- later than one (1) year	367	416	556
- later than five (5) year	-	-	126
	428	503	826

9.4.17 Deferred tax (assets)/liabilities

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

	As at 30 Sept 2009 RM'000	<---As at 31 Dec---> 2010 RM'000	2009 RM'000
At beginning of financial year/period	-	-	(229)
Recognised in profit and loss (Section 9.4.6)	-	(229)	300
At end of financial year/period	-	(229)	71

(b) The components of deferred tax (assets)/liabilities are as follows:

	As at 30 Sept 2009 RM'000	<---As at 31 Dec---> 2010 RM'000	2009 RM'000
Unused tax losses	-	(279)	-
Property, plant and equipment	-	50	71
	-	(229)	71

9. HISTORICAL FINANCIAL INFORMATION (continued)

9.4 AQRS (continued)

9.4.18 Trade and other payables

	As at 30 Sept 2009 RM'000	<---As at 31 Dec---> 2010 RM'000	2011 RM'000
Trade payables			
Third parties	4,473	15,380	4,552
Related companies	-	-	27,758
Subsidiary	-	-	48
	4,473	15,380	32,358
Other payables and accruals			
Other payables	13,375	20,336	7,074
Accruals	2,901	355	19,377
Deposits received	-	338	-
Amounts owing to related companies	-	-	34,112
Amount owing to holding company	-	-	4,188
Amounts due to Directors	-	25,988	1,212
	16,276	47,017	65,963
	20,749	62,397	98,321

(a) Trade payables are non-interest bearing and the normal credit terms granted to AQRS range from 30 to 90 days (31.12.2010: 30 to 90 days and 30.9.2009: 30 to 90 days). Other credit term are assessed and approved by the suppliers on a case by case basis.

(b) Included in other payables of AQRS are advances amounting to RM7,074,000 (31.12.2010: RM20,336,000 and 30.9.209: RM5,755,000) received from companies in which certain Directors have substantial financial interests. These amounts are unsecured, interest-free and repayable upon demand in cash and cash equivalents.

(c) Amounts owing to related companies represent balances arising from normal trade transactions, advances and payments made on behalf, which are unsecured, interest-free and repayable upon demand in cash and cash equivalents.

(d) Amount owing to a subsidiary represent balances arising from normal trade transactions, which are unsecured, interest-fee and repayable upon demand in cash and cash equivalents.

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

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