

GABUNGAN AQRS BERHAD
(Company No: 912527 - A)
(Incorporated in Malaysia)
Quarterly Unaudited Results of the Group for the 1st Quarter ended 31 March 2013

A Explanatory Notes in compliance with Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2012.

A2. Changes in Accounting Policies

The significant accounting policies and method of computation adopted by the Group in this quarterly report are consistent with those in the annual financial statements for the year ended 31 December 2012 except as follows:

On 1 January 2013, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Amendments to FRS 1	Government Loans
Amendments to FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
FRS 10	Consolidated Financial Statements
Amendments to FRS 10,	Consolidated Financial Statement, Joint Arrangements and
FRS 11 and FRS 12	Disclosure of Interests in Other Entities: Transition Guidance
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interest in Other Entities
FRS 13	Fair Value Measurement
Amendments to FRS 101	Presentation of items of Other Comprehensive Income
Amendments to FRS 116	Property, plant and equipment
FRS 119	Employee Benefits (Revised)
FRS 127	Separate Financial Statement
FRS 128	Investment in Associates and Joint Ventures
Amendments to FRS 134	Interim Financial Reporting

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

1 January 2014

Amendments to FRS 10,	Investment Entities
FRS 12 and FRS 127	
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Malaysian Financial Reporting Standards (MFRS Framework)	

A2. Changes in Accounting Policies (cont'd)

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework). The MFRS Framework that is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

On 4 July 2012, MASB has decided to allow Transitioning Entities to defer the adoption of the MFRS Framework for an additional one year. MFRS Framework will therefore be mandated for all Transitioning Entities for annual periods beginning on or after 1 January 2014.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Frameworks. Accordingly, the Group will be required to prepare financial statement using MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

A3. Qualification of Financial Statements

The Group's latest audited financial statements for the financial year ended 31 December 2012 were not subject to any qualification.

A4. Seasonal or Cyclical Factors

The Group's operations were not materially affected by any seasonal or cyclical factors.

A5. Nature and Amount of Unusual Items

There were no unusual items for the current financial quarter under review.

A6. Nature and Amount of Changes in Estimates

There were no changes in estimates of amounts in the prior financial years that have a material effect in the current financial quarter under review.

A7. Issuance and Repayment of Debt and Equity Securities

There was no issuance or repayment of debt and equity securities, share cancellations and resale of treasury shares during the current quarter under review.

A8. Dividend Paid

No dividend has been paid during the current quarter under review.

GABUNGAN AQRS BERHAD
(Company No: 912527 - A)
(Incorporated in Malaysia)
Quarterly Unaudited Results of the Group for the 1st Quarter ended 31 March 2013

A9. Segmental Information

The Company and its subsidiaries are principally engaged in construction, property development and investment holding.

The Company 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) Construction

Securing and carrying out construction contracts.

(ii) Property development

Development of residential and commercial properties.

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

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

3 months ended 31 March 2013	Construction	Property Development	Others	Total/Group
	RM'000	RM'000	RM'000	RM'000
SEGMENT REVENUE				
Total revenue	62,928	31,368	-	94,296
Inter-segment sales	(10,821)	-	-	(10,821)
Revenue from external customers	52,107	31,368	-	83,475
Interest income	182	38	272	492
Finance costs	(407)	(438)	-	(845)
Net finance expenses	(225)	(400)	272	(353)
Depreciation	(464)	(137)	-	(601)
Segment profit/(loss) before taxation	7,252	7,339	(714)	13,877
Taxation	(2,308)	(1,907)	-	(4,215)
Segment profit/(loss) for the period	4,944	5,431	(714)	9,662
Segment assets	155,597	284,695	37,607	477,899
Segment liabilities	176,143	73,796	738	250,677

GABUNGAN AQRS BERHAD
(Company No: 912527 - A)
(Incorporated in Malaysia)
Quarterly Unaudited Results of the Group for the 1st Quarter ended 31 March 2013

A9. Segmental Information (Cont'd)

3 months ended 31 March 2012

	Construction	Property Development	Others	Total/Group
	RM'000	RM'000	RM'000	RM'000
SEGMENT REVENUE				
Total revenue	88,099	4,953	-	93,052
Inter-segment sales	(10,817)	-	-	(10,817)
Revenue from external customers	77,282	4,953	-	82,235
Interest income	81	43	-	124
Finance costs	(93)	(874)	-	(967)
Net finance expenses	(12)	(831)	-	(843)
Depreciation	(324)	(105)	-	(429)
Segment profit/(loss) before taxation	13,650	(4,308)	(231)	9,111
Taxation	(3,766)	668	-	(3,098)
Segment profit/(loss) for the period	9,884	(3,640)	(231)	6,013
Segment assets	182,052	219,017	1,297	402,366
Segment liabilities	185,802	86,725	117	272,644

A10. Valuation of Property, Plant and Equipment

There is no valuation of property, plant and equipment performed in the current financial quarter.

A11. Acquisition/Disposal of Property, Plant and Equipment

There was no material acquisition or disposal of property, plant and equipment during the current quarter under review.

A12. Material Subsequent Events

Save as disclosed below, there were no material events subsequent to the end of the current quarter under review up to the date of this report which is likely to substantially affect the results of the operations of the Group:

- (a) On 8 April 2013, a subsidiary, Grand Meridian Development Sdn. Bhd. entered into a conditional Sale and Purchase Agreement with Ocean Mix Sdn. Bhd. for the disposal of freehold land classified under investment property for a total cash consideration of RM50,000,000.
- (b) On 23 April 2013, the Board of Directors announced the following proposals:
 - (i) proposed bonus issue of 159,984,000 free warrants in the Company on the basis of nine warrants for every twenty existing ordinary shares of RM0.25 each in the Company held on entitlement date to be determined later;
 - (ii) proposed increase in the authorised share capital of the Company from RM100,000,000 to RM500,000,000; and
 - (iii) proposed amendments to the Memorandum and Articles of Association of the Company.

The Controller of Foreign Exchange (via Bank Negara Malaysia) had, vide its letter dated 22 May 2013, approved the issuance of Warrants to the non-resident shareholders of the Company pursuant to the Proposed Bonus Issue of Warrants.

GABUNGAN AQRS BERHAD
(Company No: 912527 - A)
(Incorporated in Malaysia)
Quarterly Unaudited Results of the Group for the 1st Quarter ended 31 March 2013

A12. Material Subsequent Events (Cont'd)

- (c) On 10 May 2013, a supplemental joint venture agreement was entered into by Prestige Field Development Sdn Bhd, a partially owned subsidiary of the Company, Intelbest Corporation Sdn Bhd and Darar Ehsan Sdn Bhd (Supplemental JVA) with the intention to resolve all issues arising from the JVA consequent to the Alienation of the land located in Lestari Perdana, Mukim of Petaling, Daerah Petaling (P Land); and
- (d) On 17 May 2013, the Company announced that it proposed to seek its shareholders' approval for the proposed authority for the Company to purchase up to 10% of its issued and paid-up share capital at an Extraordinary General Meeting to be convened on a date to be announced later.

A13. Changes in the Composition of the Group

There were no changes to the composition of the Group for the current financial quarter under review except for the following:

- (a) On 5 March 2013, the Company acquired the entire issued and paid up share capital of Sinajasa Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.
- (b) On 6 March 2013, Sinajasa Sdn. Bhd. entered into a Share Sale Agreement with Sabah Economic Development Corporation to acquire 49% of the equity interest in Associated Concrete Products (Sabah) Sdn. Bhd., a company incorporated in Malaysia, for a total cash consideration of RM3,469,200.

A14. Capital Commitment

	As at 31.03.2013 RM'000	As at 31.03.2012 RM'000
Contracted but not provided for:		
- Purchase of shares in a subsidiary	-	340
- Land help for property development	225,823	164,278
- Property, plant and equipment	-	433
	<u> </u>	<u> </u>

A15. Contingent Liabilities

Details of contingent liabilities of the Group are as follows:

	As at 31.03.2013 RM'000	As at 31.03.2012 RM'000
Corporate guarantees given to financial institutions for credit facilities granted to third parties	5,202	5,202
Corporate guarantees given to a financial institutions for credit facilities granted to subsidiaries	-	75,000
Bank guarantees given by financial institutions in respect of construction and property projects	129,427	27,114
	<u>134,629</u>	<u>107,316</u>

B Explanatory Notes in Compliance with listing Requirements of the Bursa Malaysia

B1. Review of Performance

Performance of current quarter against the preceding year corresponding quarter

For the current quarter under review, the Group recorded revenue of RM83.48 million and profit after taxation and non-controlling interest of RM7.58 million as compared to RM82.24 million and RM5.64 million respectively in preceding quarter ended 31 March 2012.

For the current year to date, construction segment recorded revenue of RM62.93 million (before eliminating inter-segment sales) while the property development segment registered revenue of RM31.37 million. The construction division continues to be the main revenue contributor to the Group, attributing 66.73% of the current quarter's revenue (before eliminating inter-segment sales).

The contribution from the construction division declined in the current quarter under review as compared to the previous year's corresponding quarter due to lower gross profit projects being carried out during the current quarter.

The contribution from property development division increased in the current quarter under review as compared to the previous year's corresponding quarter due to the registration of profits for units sold in the current quarter for which development costs for these sold units had already previously been incurred.

B2. Material Changes in the Result for the Current Quarter Compared With the Results for the Preceding Quarter

For the current quarter under review, the Group recorded revenue and profit after taxation and non-controlling interest of RM83.48 million and RM7.58 million as compared to RM82.24 million and RM5.64 million respectively reported in the immediate preceding quarter.

The Group recorded a higher profit before tax (PBT) of RM13.88 million in the current quarter compared to the preceding quarter of RM4.43 million due to higher profit contribution from the property division.

For the current quarter, the property development division contribution in revenue improved by RM17.04 million, or 118.90% from preceding quarter mainly due to new sales from the Contours and Gombak Grove projects. Increase in revenue due to higher progress work done for the Kinrara Uptown project in Lestari Perdana, Bandar Puteri Permai contributed to the performance in the property development division.

Contribution for the results of the construction division for the current quarter is mainly from the Package V1: MRT Project, the enhancement works along Jalan Rantau/Sungai Gadut, Negeri Sembilan and the IBS Construction of 9 schools.

B3. Prospects

The Group expects both its construction and the property development divisions to continue to contribute positively. This is backed by the strong construction order book and future property development project launches, which will ensure sustained revenue growth and profits for the Group.

The Group's property arm had in the current quarter launched The Peak+, its maiden residential property project in the Johor State. The division will soon be launching its commercial development project in Permas Jaya, also located within the Iskandar Region.

GABUNGAN AQRS BERHAD
 (Company No: 912527 - A)
 (Incorporated in Malaysia)
 Quarterly Unaudited Results of the Group for the 1st Quarter ended 31 March 2013

B3. Prospects (Cont'd)

These two projects and upcoming mixed-development projects to be launched later part of year 2013 and into the next few years are expected to lead to a better performance in the Group's property development division. The construction work for these property development projects will be undertaken internally thus providing a constant revenue stream for the Group's construction division.

In addition to the above, the construction division will continue to tender and procure new external projects to maintain a balance between internal and external construction projects as part of its longer term strategy.

Given these circumstances, The Board of Directors is confident that the prospect of the Group remains positive. Barring any unforeseen circumstances, the Board expects both divisions of the Group to continue to deliver satisfactory financial results for 2013.

B4. Profit Forecast and Profit Estimate

The Group did not issue any profit forecast or profit estimate in any public document.

B5. Items included in the Statements of Comprehensive Income include:

	Quarter and Year-to-date ended	
	31-Mar-13 RM'000	31-Mar-12 RM'000
Interest income	492	124
Other income	2	1
Interest expense (excluding interest capitalised)	(845)	(608)
Depreciation and amortisation	(601)	(429)
Provision for and write off of receivables	*	*
Provision for and write off of inventories	*	*
Gain or loss on disposal of property, plant and equipment	(22)	194
Gain or loss on disposal of quoted or unquoted investments or properties	*	*
Impairment of assets-goodwill	*	(3)
Foreign exchange gain or loss	*	*
Gain or loss on derivatives	*	*
Exceptional items	*	*

* There were no such reportable items as required by Bursa Securities in the current quarter and cumulative quarter to date.

GABUNGAN AQRS BERHAD
 (Company No: 912527 - A)
 (Incorporated in Malaysia)
 Quarterly Unaudited Results of the Group for the 1st Quarter ended 31 March 2013

B6. Taxation

	Quarter and Year-to-date ended	
	31-Mar-13 RM'000	31-Mar-12 RM'000
Current taxation		
- Current year	4,344	3,952
Deferred taxation		
- Current year	(35)	(968)
- Prior years	(94)	114
	<u>4,215</u>	<u>3,098</u>

The effective tax rate of the Group for the current quarter and for the financial year to-date of 30.37% as compared to 30.05% respectively quarter and year to date ended 31 March 2012 was higher than the statutory tax rate as certain expenses were not deductible for tax purposes.

B7. Status of Corporate Proposals Announced

(a) Stylo Land

Save for the proposed acquisition of Stylo Land as stated in Section 2.8.1 of our Prospectus dated 29 June 2012 and the proposal as disclosed in Note A12, there were no other corporate proposals announced but not completed as at 22 May 2013, being a date not earlier than 7 days from the date of this report.

(b) Status of Utilisation of Proceeds

The proceeds arising from the Company's IPO amounted to RM73.160 million and as at 22 May 2013, the details of the utilisation of proceeds are as follows:-

Purpose of utilisation	Estimated time frame for utilisation from date of listing	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation		Explanations*
				Amount RM'000	%	
i. Acquisition of land bank	Within 36 months	25,000	1,586	23,414	97.6	(a)&(b)
ii. Acquisition of new corporate headquarters	Within 36 months	12,000	491	11,509	97.6	(a)&(b)
iii. Working capital	Within 24 months	30,460	30,460	-	-	
iv. Estimated listing expenses	Within 6 months	5,700	4,418	1,282	22.5	(c)

GABUNGAN AQRS BERHAD
(Company No: 912527 - A)
(Incorporated in Malaysia)
Quarterly Unaudited Results of the Group for the 1st Quarter ended 31 March 2013

B7. Status of Corporate Proposals Announced (Cont'd)

Notes:-

- * A total sum of RM1.716 million being underwriting commission, brokerage commission, issuing house fees and out of pocket expenses has been proportionately reduced from the respective utilisation categories above.
- (a) The unutilised proceeds raised from the Public Issue are placed in short-term deposits with licensed banks.
- (b) The proceeds from the Public Issue are to be utilised within the estimated timeframe. The Group does not expect any material deviation as at the date of this quarterly report.
- (c) As at 22 May 2013, the total listing expenses is RM4.418 million. The excess of RM1.282 million in the utilisation for the listing expenses has been allocated for working capital purposes as stated in the Prospectus dated 29 June 2012.

B8. Group Borrowings and Debt Securities

	As at 31 Mar 13 RM'000	As at 31 Mar 12 RM'000
The Group's borrowings and debt securities are as follows:		
Long term borrowings		
Secured:		
Hire purchase creditors	3,942	2,760
Term loans	9,491	34,068
Bridging loan	-	10,533
	<u>13,433</u>	<u>47,361</u>
Short term borrowings		
Secured:		
Bank overdrafts	28,939	3,349
Hire purchase creditors	1,182	760
Term loans	24,579	4,794
Bridging loan	-	74
Revolving credit	400	400
	<u>55,100</u>	<u>9,377</u>

GABUNGAN AQRS BERHAD
(Company No: 912527 - A)
(Incorporated in Malaysia)
Quarterly Unaudited Results of the Group for the 1st Quarter ended 31 March 2013

B9. Material Litigation

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

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

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

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

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

B10. Dividend

No dividend has been proposed by the Board of Directors for the current financial quarter ended 31 March 2013.

B11. Earnings Per Share

	Quarter and Year-to-date ended	
	31-Mar-13	31-Mar-12
	RM'000	RM'000
Profit attributable to equity holders of the Company (RM'000)	7,575	5,637
Weighted average number of ordinary shares in issue (‘000)	355,520	293,520
Basic earnings per share (sen)	2.13	1.92

There are no diluted earnings per share as the Company does not have any potential dilutive ordinary shares at the end of the current quarter under review.

GABUNGAN AQRS BERHAD
 (Company No: 912527 - A)
 (Incorporated in Malaysia)
 Quarterly Unaudited Results of the Group for the 1st Quarter ended 31 March 2013

B12. Realised and Unrealised Retained Profits

	As at 31 Mar 13 RM'000	As at 31 Mar 12 RM'000
Total retained earnings for the Group:		
- Realised	147,944	130,071
- Unrealised	464	(1,387)
	<hr/>	<hr/>
	148,408	128,684
Less: Consolidated adjustments	(70,343)	(74,170)
	<hr/>	<hr/>
Total group retained earnings as per consolidated accounts	<u>78,065</u>	<u>54,514</u>

B13. Authorisation for Issue

This interim financial report was authorised for issuance by the Board of Directors of the Company on 28 May 2013.