

FINANCIAL STATEMENTS.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	65,110,939	4,930,584
Attributable to:		
Owners of the parent	61,209,887	4,930,584
Non-controlling interests	3,901,052	-
	65,110,939	4,930,584

DIVIDEND

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

	RM
In respect of financial year ended 31 December 2018:	
First interim single tier dividend of 2.0 sen per ordinary share, paid on 12 June 2018	9,277,196
Special single tier dividend of 1.0 sen per ordinary share, paid on 12 June 2018	4,638,598
Second interim single tier dividend of 2.0 sen per ordinary share, paid on 10 January 2019	9,551,586
	23,467,380

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2018.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued share capital of the Company was increased from 451,476,525 to 494,594,005 by way of issuance of 43,117,480 new ordinary shares pursuant to 43,117,480 warrants exercised at an exercise price of RM1.30 each for cash.

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

WARRANT A 2013/2018

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

During the financial year, 43,117,480 new ordinary shares were issued pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

The number of warrants unexercised at the end of the reporting period comprises 95,348,395 warrants. The warrants had expired on 20 July 2018.

WARRANT B 2018/2023

A total of 119,394,669 free Warrants were issued on 27 September 2018 pursuant to the Deed Poll dated 5 September 2018 ("Deed Poll B") to all the shareholders of the Company on the basis of one (1) warrant for every four (4) existing ordinary shares held on 25 September 2018. These warrants were listed on Bursa Malaysia Securities Berhad on 4 October 2018. The Company had fixed the exercise price for the free Warrants at RM1.12 each.

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the 8th Annual General Meeting held on 14 May 2018, renewed the mandate to the Company to repurchase up to 10% of its existing issued share capital ("Share Buy Back").

The Directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders. The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 494,594,005 (2017: 451,476,525) issued ordinary shares as at the end of each reporting period, 17,014,702 (2017: 535,502) ordinary shares purchased for RM17,241,864 (2017: RM509,881) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 477,579,303 (2017: 450,941,023).

DIRECTORS' REPORT

(CONT'D)

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Gabungan AQRS Berhad

Dato' Azizan Bin Jaafar
Dato' Ow Chee Cheoon
Datuk Kamarudin Bin Md. Ali
Y.M. Tunku Alizan Bin Raja Muhammad Alias
Loo Choo Hong
Muk Sai Tat
Ow Yin Yee

Subsidiaries of Gabungan AQRS Berhad

Pursuant to Section 253 of Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Dato' Azizan Bin Jaafar	
Dato' Ow Chee Cheoon	
Ir. Bakri Bin Ishak	
Ow Yin Yee	
Choo Choon Seng	
Azhar Khan bin Badil Zaman	
Norahmad bin Yussuff	
Ir. Tai Jiunn Hong	
Si So Tian Ann	(Appointed on 1 March 2018)
Abd Razak bin Abd Manan	(Appointed on 1 March 2018)
Tan Ban Eu	(Appointed on 12 July 2018)
Datin Paduka Low Siew Moi	(Resigned on 13 July 2018)
Yau Jye Yee	(Resigned on 15 November 2018)
Teo Jua Chi	(Resigned on 15 November 2018)

In accordance with Article 95 of the Company's Constitution, Dato' Ow Chee Cheoon and Muk Sai Tat retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants in the Company during the financial year ended 31 December 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows:

Shares in the Company	← Number of ordinary shares →			Balance as at 31.12.2018
	Balance as at 1.1.2018	Bought	Conversion of warrants	
<u>Direct interests</u>				
Y.M. Tunku Alizan Bin Raja Muhammad Alias	5,000	289,600	-	294,600
Dato' Azizan Bin Jaafar	202,000	1,550,300	90,000	1,842,300
Dato' Ow Chee Cheoon	32,800,760	500,000	-	33,300,760
Ow Yin Yee	60,600	100,000	-	160,600
Loo Choo Hong	-	70,000	-	70,000
Datuk Kamarudin bin Md. Ali	-	200,000	-	200,000
<u>Indirect interest</u>				
Dato' Azizan Bin Jaafar	52,001,900	-	550,000	52,551,900
Warrants A 2013/2018	← Number of warrants →			Balance as at (Expiry date) 20.7.2018
	Balance as at 1.1.2018	Bought	Conversion of warrants	
<u>Direct interest</u>				
Dato' Azizan Bin Jaafar	90,000	-	(90,000)	-
<u>Indirect interest</u>				
Dato' Azizan Bin Jaafar	1,500,000	-	(550,000)	950,000

DIRECTORS' REPORT

(CONT'D)

DIRECTORS' INTERESTS (continued)

Warrants B 2018/2023	← Number of warrants →			Balance as at 31.12.2018
	Balance as at 27.9.2018 (Issue date)	Bought	Sold	
<u>Direct interests</u>				
Y.M. Tunku Alizan Bin Raja Muhammad Alias	73,650	-	-	73,650
Dato' Azizan Bin Jaafar	460,575	-	-	460,575
Dato' Ow Chee Cheoon	8,325,190	-	-	8,325,190
Ow Yin Yee	40,150	-	-	40,150
Loo Choo Hong	17,500	-	-	17,500
Datuk Kamarudin bin Md. Ali	50,000	50,000	-	100,000
<u>Indirect interest</u>				
Dato' Azizan Bin Jaafar	13,137,975	-	-	13,137,975

By virtue of Section 8 of the Companies Act 2016 in Malaysia, Dato' Ow Chee Cheoon and Dato' Azizan Bin Jaafar, are also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

The other Director, Muk Sai Tat did not hold any interest in ordinary shares and warrants in the Company or ordinary shares, warrants and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than any benefit which may be deemed to have arisen by virtue of those transactions entered into in the ordinary course of business as disclosed in Note 34 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the warrants issued to the Directors as disclosed in Note 27 to the financial statements.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 9 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts has been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

(CONT'D)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2018 amounted to RM284,500 and RM70,000 respectively.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board in accordance with a resolution of the Directors.

.....
Dato' Azizan Bin Jaafar
Director

Kuala Lumpur
18 April 2019

.....
Dato' Ow Chee Cheoon
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 104 to 185 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....
Dato' Azizan Bin Jaafar
Director

Kuala Lumpur
18 April 2019

.....
Dato' Ow Chee Cheoon
Director

STATUTORY DECLARATION

I, Ow Yin Yee (CA 10002), being the Director primarily responsible for the financial management of Gabungan AQRS Berhad, do solemnly and sincerely declare that the financial statements set out on pages 104 to 185 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
18 April 2019)

Ow Yin Yee

Before me:

Commissioner for Oaths
Baloo A/L T.Pichai
W663

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gabungan AQRS Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 104 to 185.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) **Revenue recognition for construction contracts and property development**

Revenue from construction contracts and property development is set out in Note 6 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time, which is based on stage of completion method. The determination of stage of completion requires management to exercise significant judgement in estimating the total costs to complete.

In estimating the budgeted contract costs and budgeted development costs, the Group considered the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims and cost contingencies.

Key Audit Matters (continued)**(a) Revenue recognition for construction contracts and property development (continued)****Audit response**

Our audit procedures included the following:

- (i) Reviewed the terms and conditions of the sales transactions to determine that revenue recognised conforms with the Group policies and the requirements of MFRS 15 *Revenue from Contracts with Customers*;
- (ii) Compared management's estimates of budgeted contract costs and budgeted development costs to relevant supporting documents and recomputed the progress towards complete satisfaction of performance obligations determined by management for revenue recognition based on actual costs incurred up to the end of the reporting period;
- (iii) Inspected documentation to support cost estimates made including contract variations and cost contingencies;
- (iv) Visited project sites and inquired with in-house quantity surveyors and project managers to corroborate the status of the works and the stage of completion; and
- (v) Inspected documentation from technical experts and sub-contractors in relation to variations and claims to corroborate key judgements applied by management.

(b) Recoverability of trade and other receivables

The carrying amount of trade and other receivables are set out in Note 22 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade and other receivables, appropriate forward looking information and significant increase in credit risk. We focused on the audit risk that the impairment losses on trade and other receivables may be understated and hence, further impairment losses may be required.

Audit response

Our audit procedures included the following:

- (i) Assessed the expected credit loss ("ECL") for portfolios of trade receivables and other receivables based on customer segments, historical information on payment trend and forward-looking information;
- (ii) Recomputed the probability of default using historical data and forward looking information adjustment applied by the Group; and
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD (CONT'D)

Key Audit Matters (continued)

(c) *Impairment assessment of the carrying amount of intangible assets*

Included in intangible assets is customer contract with a carrying amount of RM28,564,072, which arose from the acquisition of a subsidiary as disclosed in Note 20 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement and estimates about the future results and key assumptions applied to cash flow projections of the subsidiary in determining the recoverable amount. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates.

Audit response

Our audit procedures included the following:

- (i) Reviewed cash flow projections, assessed and challenged the key assumptions in the projections;
- (ii) Evaluated the reasonableness of pre-tax discount rate by comparing to the weighted average cost of capital of the Company and relevant risk factors; and
- (iii) Performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

(d) *Impairment assessment of the carrying amount of investments in subsidiaries*

As at 31 December 2018, investments in subsidiaries of the Company were RM322,542,482 net of impairment of RM28,623,124 as disclosed in Note 16 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries. In this instance, their recoverable amounts are based on their value-in-use method. These key assumptions include budgeted operating profit margins and growth rates as well as determining an appropriate pre-tax discount rate.

Audit response

Our audit procedures included the following:

- (i) Compared cash flow projections against recent performance and historical accuracy of cash flow projections prepared by management and challenged key assumptions used in the projections; and
- (ii) Evaluated the reasonableness of pre-tax discount rate by comparing to the weighted average cost of capital of the Company and relevant risk factors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD (CONT'D)

Other Matters

As stated in Note 3 to the financial statements, Gabungan AQRS Berhad adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These Standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2017 and 1 January 2017, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information, and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as of 31 December 2018 and the financial performance and cash flows for the financial year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lum Chiew Mun
03039/04/2019 J
Chartered Accountant

Kuala Lumpur
18 April 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM	2017 RM	2018 RM	2017 RM
Revenue	6	585,329,884	462,304,595	61,490,000	10,000,000
Cost of sales	7	(462,074,129)	(319,954,831)	-	-
Gross profit		123,255,755	142,349,764	61,490,000	10,000,000
Other income		19,613,902	29,870,226	9,292,932	6,154,353
Operating costs		(51,393,275)	(55,882,408)	(65,457,576)	(4,443,986)
Finance costs	8	(5,395,739)	(12,572,879)	(179,227)	(1,669,185)
Share of loss of an associate, net of tax		(79,880)	(119,784)	-	-
Share of profit of a joint venture, net of tax		961,146	153,114	-	-
Profit before tax		86,961,909	103,798,033	5,146,129	10,041,182
Tax expense	11	(21,850,970)	(32,597,104)	(215,545)	(460,918)
Profit for the financial year		65,110,939	71,200,929	4,930,584	9,580,264
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		65,110,939	71,200,929	4,930,584	9,580,264
Attributable to:					
Owners of the parent		61,209,887	67,038,505	4,930,584	9,580,264
Non-controlling interests	16(f)	3,901,052	4,162,424	-	-
		65,110,939	71,200,929	4,930,584	9,580,264
Earnings per ordinary share attributable to equity holders of the Company:					
Basic earnings per ordinary share (sen)	12	13.05	16.39		
Diluted earnings per ordinary share (sen)	12	10.40	12.24		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
ASSETS				
Non-current assets				
Property, plant and equipment	14	30,921,974	32,253,103	43,582,892
Investment properties	15	33,006,684	33,701,258	37,782,012
Investment in an associate	17	3,307,146	3,387,026	3,526,410
Investment in a joint venture	18	739,256	378,110	224,996
Deferred tax assets	19	3,007,864	2,938,048	3,223,170
Intangible assets	20	29,783,152	29,783,152	-
		100,766,076	102,440,697	88,339,480
Current assets				
Inventories	21	378,990,294	293,340,799	363,686,233
Trade and other receivables	22	239,588,597	191,629,878	276,781,683
Contract assets	23	562,968,746	355,053,807	165,249,571
Other investment	24	1,328,068	8,122,815	2,511,775
Current tax assets		1,343,765	921,802	335,080
Short term funds	25	36,725,170	86,053,973	951,587
Cash and bank balances	26	91,846,550	50,337,485	31,980,361
		1,312,791,190	985,460,559	841,496,290
TOTAL ASSETS		1,413,557,266	1,087,901,256	929,835,770
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	27	324,240,605	267,080,518	97,730,000
Reserves	28	147,588,816	126,578,292	153,960,763
		471,829,421	393,658,810	251,690,763
Non-controlling interests	16(f)	5,620,010	8,078,958	3,916,534
TOTAL EQUITY		477,449,431	401,737,768	255,607,297

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018 (CONT'D)

	Note	31.12.2018 RM	Group 31.12.2017 RM	1.1.2017 RM
LIABILITIES				
Non-current liabilities				
Borrowings	29	28,919,928	29,182,894	72,525,745
Deferred tax liabilities	19	226,872	125,543	1,712,507
		29,146,800	29,308,437	74,238,252
Current liabilities				
Trade and other payables	31	674,167,014	412,808,198	293,769,262
Contract liabilities	23	34,710,420	52,067,919	97,523,832
Borrowings	29	176,787,067	158,976,648	195,889,567
Current tax liabilities		21,296,534	33,002,286	12,807,560
		906,961,035	656,855,051	599,990,221
TOTAL LIABILITIES		936,107,835	686,163,488	674,228,473
TOTAL EQUITY AND LIABILITIES		1,413,557,266	1,087,901,256	929,835,770

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

**STATEMENTS OF
FINANCIAL POSITION**
AS AT 31 DECEMBER 2018 (CONT'D)

	Note	31.12.2018 RM	Company 31.12.2017 RM	1.1.2017 RM
ASSETS				
Non-current assets				
Investments in subsidiaries	16	322,542,482	115,196,747	78,259,637
Investment in a joint venture	18	255,000	255,000	255,000
		322,797,482	115,451,747	78,514,637
Current assets				
Trade and other receivables	22	64,185,125	101,893,128	180,556,302
Short term funds	25	35,365,153	85,943,076	844,425
Cash and bank balances	26	1,365,656	1,103,592	1,621,149
		100,915,934	188,939,796	183,021,876
TOTAL ASSETS		423,713,416	304,391,543	261,536,513
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital	27	324,240,605	267,080,518	97,730,000
Reserves	28	(769,292)	34,499,487	119,340,199
TOTAL EQUITY		323,471,313	301,580,005	217,070,199
LIABILITIES				
Current liabilities				
Trade and other payables	31	99,678,620	2,350,620	8,235,552
Borrowings	29	-	-	36,230,762
Current tax liabilities		563,483	460,918	-
TOTAL LIABILITIES		100,242,103	2,811,538	44,466,314
TOTAL EQUITY AND LIABILITIES		423,713,416	304,391,543	261,536,513

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	Non-distributable			Distributable			Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Share premium RM	Retained earnings RM	Share premium RM	Share premium RM			
Balance as at 1 January 2017		97,730,000	(509,881)	85,545,356	160,965,564	343,731,039	6,893,462	350,624,501		
Effects of adoption of:										
MFRS 9	35	-	-	-	(63,185,551)	(63,185,551)	(2,976,928)	(66,162,479)		
MFRS 15	35	-	-	-	(28,854,725)	(28,854,725)	-	(28,854,725)		
Balance as at 1 January 2017, as restated		97,730,000	(509,881)	85,545,356	68,925,288	251,690,763	3,916,534	255,607,297		
Profit for the financial year		-	-	-	67,038,505	67,038,505	4,162,424	71,200,929		
Other comprehensive income, net of tax		-	-	-	-	-	-	-		
Total comprehensive income, net of tax		-	-	-	67,038,505	67,038,505	4,162,424	71,200,929		
Transaction with owners										
Dividend paid	13	-	-	-	(8,875,620)	(8,875,620)	-	(8,875,620)		
Ordinary shares issued pursuant to:-										
- Acquisition of a subsidiary	27	29,537,110	-	-	-	29,537,110	-	29,537,110		
- Private placement	27	26,294,490	-	-	-	26,294,490	-	26,294,490		
- Exercise of warrants	27	27,973,562	-	-	-	27,973,562	-	27,973,562		
Total transaction with owners		83,805,162	-	-	(8,875,620)	74,929,542	-	74,929,542		
Transfer pursuant to Companies Act 2016*	27(c)	85,545,356	-	(85,545,356)	-	-	-	-		
Balance as at 31 December 2017		267,080,518	(509,881)	-	127,088,173	393,658,810	8,078,958	401,737,768		

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (CONT'D)

Group	Note	Non-distributable			Distributable		Total attributable to owners of the parent RM	Non- controlling interests RM	Total equity RM
		Share capital RM	Treasury shares RM	Retained earnings RM					
Balance as at 1 January 2018, as previously reported		267,080,518	(509,881)	200,124,693	466,695,330	8,454,099	475,149,429		
Effects of adoption of:									
MFRS 9	35	-	-	(42,742,203)	(42,742,203)	(375,141)	(43,117,344)		
MFRS 15	35	-	-	(30,294,317)	(30,294,317)	-	(30,294,317)		
Balance as at 1 January 2018, as restated		267,080,518	(509,881)	127,088,173	393,658,810	8,078,958	401,737,768		
Profit for the financial year		-	-	61,209,887	61,209,887	3,901,051	65,110,939		
Other comprehensive income, net of tax		-	-	-	-	-	-		
Total comprehensive income, net of tax		-	-	61,209,887	61,209,887	3,901,051	65,110,939		
Transaction with owners									
Dividend paid	13	-	-	(23,467,380)	(23,467,380)	(6,360,000)	(29,827,380)		
Ordinary shares issued pursuant to exercise of warrants	27	56,052,724	-	-	56,052,724	-	56,052,724		
Ordinary shares repurchased		-	(20,682,405)	-	(20,682,405)	-	(20,682,405)		
Ordinary shares resold in open market		1,107,363	3,950,422	-	5,057,785	-	5,057,785		
Total transaction with owners		57,160,087	(16,731,983)	(23,467,380)	16,960,724	(6,360,000)	10,600,724		
Balance as at 31 December 2018		324,240,605	(17,241,864)	164,830,680	471,829,421	5,620,010	477,449,431		

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

STATEMENT OF CHANGES IN EQUITY

Company	Note	← Non-distributable →			Distributable	Total equity RM
		Share capital RM	Treasury shares RM	Share premium RM	Retained earnings RM	
Balance as at 1 January 2017, as previously reported		97,730,000	(509,881)	85,545,356	35,635,294	218,400,769
Effects of adoption of MFRS 9 (Note 35)		-	-	-	(1,330,570)	(1,330,570)
Balance as at 1 January 2017, as restated		97,730,000	(509,881)	85,545,356	34,304,724	217,070,199
Profit for the financial year		-	-	-	9,580,264	9,580,264
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income, net of tax		-	-	-	9,580,264	9,580,264
Transaction with owners						
Dividend paid	13	-	-	-	(8,875,620)	(8,875,620)
Ordinary shares issued pursuant to:						
- Acquisition of a subsidiary	27	29,537,110	-	-	-	29,537,110
- Private placement	27	26,294,490	-	-	-	26,294,490
- Warrants exercised	27	27,973,562	-	-	-	27,973,562
Total transaction with owners		83,805,162	-	-	(8,875,620)	74,929,542
Transfer pursuant to Companies Act 2016	27	85,545,356	-	(85,545,356)	-	-
Balance as at 31 December 2017		267,080,518	(509,881)	-	35,009,368	301,580,005

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

STATEMENT OF CHANGES IN EQUITY

(CONT'D)

Company	Note	Non-distributable Share capital RM	Treasury shares RM	Distributable Retained earnings RM	Total equity RM
Balance as at 1 January 2018, as previously reported		267,080,518	(509,881)	35,756,946	302,327,583
Effects of adoption of MFRS 9 (Note 35)		-	-	(747,578)	(747,578)
Balance as at 1 January 2018, as restated		267,080,518	(509,881)	35,009,368	301,580,005
Profit for the financial year		-	-	4,930,584	4,930,584
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	4,930,584	4,930,584
Transaction with owners					
Dividend paid	13	-	-	(23,467,380)	(23,467,380)
Ordinary shares issued pursuant to warrants exercised	27	56,052,724	-	-	56,052,724
Ordinary shares repurchased		-	(20,682,405)	-	(20,682,405)
Ordinary shares resold in open market		1,107,363	3,950,422	-	5,057,785
Total transaction with owners		57,160,087	(16,731,983)	(23,467,380)	16,960,724
Balance as at 31 December 2018		324,240,605	(17,241,864)	16,472,572	323,471,313

* Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		86,961,909	103,798,033	5,146,129	10,041,182
Adjustments for:					
Bad debts recovered		-	(200,000)	-	-
Bad debts written-off:					
- third parties		355,304	-	-	-
- subsidiaries		-	-	36,138,600	-
Depreciation of:					
- property, plant and equipment	14	11,941,500	11,384,462	-	-
- investment properties	15	698,572	4,080,754	-	-
Dividend income		-	-	(61,490,000)	(10,000,000)
Fair value adjustment on other investment		6,794,747	1,822,120	-	-
Impairment losses on:					
- trade receivables	22	3,000,077	4,366,160	-	-
- other receivables	22	2,348	498,175	-	-
- contract assets	23	372,591	272,235	-	-
- investments in subsidiaries		-	-	25,997,755	-
Gain on disposal of property, plant and equipment		(412,095)	(47,283)	-	-
Interest expense	8	5,395,739	12,572,879	179,227	1,669,185
Interest income		(5,027,718)	(3,024,652)	(5,940,660)	(5,571,361)
Property, plant and equipment written off	14	247,797	1,993,733	-	-
Reversal of impairment losses on:					
- trade receivables	22	(8,166,249)	(17,569,050)	-	-
- other receivables	22	(3,224,873)	(11,480,139)	-	-
- contract assets	23	(20,881)	(104,644)	-	-
- amount owing by subsidiaries		-	-	(747,578)	(582,922)
Share of loss of an associate, net of tax	17	79,880	119,784	-	-
Share of profit of a joint venture, net of tax		(961,146)	(153,114)	-	-
Waiver of debts on subsidiaries		-	-	(2,604,694)	-
Operating profit/(loss) before changes working capital changes		98,037,502	108,329,453	(3,321,221)	(4,443,916)
Changes in working capital:					
Inventories		(85,649,495)	70,345,434	-	-
Trade and other receivables		(39,925,194)	102,530,452	1,116,657	217,895
Contract assets		(208,266,649)	(189,971,827)	-	-
Trade and other payables		261,358,816	117,977,030	(121,859)	(7,702,975)
Contract liabilities		(17,357,499)	(45,455,913)	-	-
Cash generated from/(used in) operations		8,197,481	163,754,629	(2,326,423)	(11,928,996)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Interest paid		(3,003,308)	(3,990,542)	(179,227)	(1,591,244)
Interest received		5,027,718	3,024,652	1,923,058	269,352
Tax paid		(34,747,787)	(14,074,129)	(112,980)	-
Tax refunded		800,615	-	-	-
Net cash (used in)/from operating activities		(23,725,281)	148,714,610	(695,572)	(13,250,888)
CASH FLOWS FROM INVESTING ACTIVITIES					
(Advances to)/Repayments from subsidiaries		-	-	(128,070,879)	88,748,253
Acquisitions of:					
- a subsidiary		-	172,098	-	-
Dividend received from					
- an associate		-	19,600	-	-
- a joint venture	18	600,000	-	600,000	-
- subsidiaries		-	-	60,890,000	-
Proceeds from disposals of property, plant and equipment		446,246	270,083	-	-
Purchases of:					
- property, plant and equipment	14	(5,944,919)	(1,300,906)	-	-
- investment properties	15	(3,998)	-	-	-
(Placements)/Withdrawals of fixed deposits pledged		(38,960,777)	(9,531,400)	(27,143)	457,657
Net cash (used in)/from investing activities		(43,863,448)	(10,370,525)	(66,608,022)	89,205,910
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(2,392,431)	(8,582,337)	-	(77,941)
Shares repurchased	28	(20,682,405)	-	(20,682,405)	-
Proceeds from resale of shares in open market	28	5,057,653	-	5,057,653	-
Proceeds from issuance of ordinary shares pursuant to:					
- private placement	27	-	26,294,490	-	26,294,490
- exercise of warrants	27	56,052,724	27,973,562	56,052,724	27,973,562
Dividend paid	13	(23,467,380)	(8,875,620)	(23,467,380)	(8,875,620)
Dividend paid to non-controlling interests		(6,360,000)	-	-	-
Drawdowns of term loans		14,556,649	1,000,000	-	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (CONT'D)

	Note	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Repayments of revolving credits		(2,000,000)	(2,057,035)	-	-
Repayments of term loans		(45,757,069)	(149,395,529)	-	(36,230,762)
Repayments of hire-purchase creditors		(1,204,583)	(4,980,810)	-	-
Net cash (used in)/from financing activities		(26,196,842)	(118,623,279)	16,960,592	9,083,729
Net (decrease)/increase in cash and cash equivalents		(93,785,571)	19,720,806	(50,343,002)	85,038,751
Cash and cash equivalents at beginning of financial year		(18,663,039)	(38,383,845)	85,982,998	944,247
Cash and cash equivalents at end of financial year	26	(112,448,610)	(18,663,039)	35,639,996	85,982,998

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Term loans (Note 29)		Revolving credits (Note 29)		Hire purchase creditors (Note 30)	
	Group RM	Company RM	Group RM	Company RM	Group RM	Company RM
At 1 January 2017	215,140,471	36,230,762	6,057,035	-	5,485,606	-
Cash flows	(148,395,529)	(36,230,762)	(2,057,035)	-	(5,164,237)	-
Non-cash flows :						
- Unwinding of interest	-	-	-	-	183,427	-
- Acquisition of property, plant and equipment	-	-	-	-	970,300	-
At 31 December 2017/ 1 January 2018	66,744,942	-	4,000,000	-	1,475,096	-
Cash flows	(31,200,420)	-	(2,000,000)	-	(1,427,639)	-
Non-cash flows :						
- Unwinding of interest	-	-	-	-	223,056	-
- Acquisition of property, plant and equipment	-	-	-	-	4,947,400	-
At 31 December 2018	35,544,522	-	2,000,000	-	5,217,913	-

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

1. CORPORATE INFORMATION

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

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

The principal place of business of the Company is located at Lot 58-G, Block G, Jalan Teknologi 3/9, Bistari ‘De’ Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2018 comprise the Company and its subsidiaries and the interests of the Group in an associate and a joint venture. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 18 April 2019.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

These are the first financial statements of the Group and the Company prepared in accordance with MFRSs and IFRSs and MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. In the previous financial years, the financial statements of the Group and of the Company were prepared in accordance with Financial Reporting Standards (“FRSs”) in Malaysia.

The Group and Company have consistently applied the same accounting policies in its opening MFRS statements of financial position as at 1 January 2017 and throughout all financial years presented, as if these policies had always been in effect. Comparative information for the financial year ended 31 December 2017 in these financial statements have been restated to give effect to these changes. Note 35 to the financial statements discloses the new MFRSs, amendments to MFRSs adopted during the financial year and the impact of the transition to MFRSs, on the reported financial position of the Group and the Company as at 1 January and 31 December 2017, and the financial performance and cash flows for the financial year ended 31 December 2017.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS

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

Gabungan AQRS Berhad has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

(i) Construction

Securing and carrying out construction contracts.

(ii) Property development

Development of residential and commercial properties.

Other operating segments comprise property investment, provision of management services and investment holding.

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, if any.

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

2018	Construction RM	Property development RM	Other operating segments RM	Total RM
Segment revenue				
Total revenue	621,541,046	24,506,724	83,955,800	730,003,570
Inter segment revenue	(72,071,902)	-	(72,601,784)	(144,673,686)
Revenue from external customers	549,469,144	24,506,724	11,354,016	585,329,884
Interest income	1,164,799	1,939,712	1,923,207	5,027,718
Finance costs	(2,716,180)	(596,422)	(2,083,137)	(5,395,739)
Net finance (expenses)/income	(1,551,381)	1,343,290	(159,930)	(368,021)
Segment profit before tax	60,024,072	53,686,089	38,617,256	152,327,417

**NOTES TO THE
FINANCIAL STATEMENTS**
31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (continued)

2018	Construction RM	Property development RM	Other operating segments RM	Total RM
Share of loss of an associate, net of tax	(79,880)	-	-	(79,880)
Share of profit of a joint venture, net of tax	-	-	961,146	961,146
Tax expense	(17,953,357)	365,993	(4,263,606)	(21,850,970)
Other material non-cash item:				
- Depreciation of:				
- Property, plant and equipment	(11,116,009)	(198,779)	(626,712)	(11,941,500)
- Investment properties	(5,675)	-	(692,897)	(698,572)
Investment in an associate	3,307,146	-	-	3,307,146
Investment in a joint venture	-	-	739,256	739,256
Additions to non-current assets other than financial instruments and deferred tax assets	9,318,044	155,709	1,574,826	11,048,579
Segment assets	947,750,635	498,958,597	508,090,872	1,954,800,104
Segment liabilities	745,015,229	288,602,419	131,989,204	1,165,606,852

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (continued)

2017	Construction RM	Property development RM	Other operating segments RM	Total RM
Segment revenue				
Total revenue	365,338,273	95,194,740	28,576,183	489,109,196
Inter segment revenue	(9,582,434)	-	(17,222,167)	(26,804,601)
Revenue from external customers	355,755,839	95,194,740	11,354,016	462,304,595
Interest income	547,960	2,207,100	269,592	3,024,652
Finance costs	(3,804,124)	(4,582,970)	(4,185,785)	(12,572,879)
Net finance expenses	(3,256,164)	(2,375,870)	(3,916,193)	(9,548,227)
Segment profit/(loss) before tax	114,617,445	(4,179,531)	11,336,838	121,774,752
Share of loss of an associate, net of tax	(119,784)	-	-	(119,784)
Share of profit of a joint venture, net of tax	-	-	153,114	153,114
Tax expense	(27,340,910)	(3,437,382)	(1,818,812)	(32,597,104)
Other material non-cash item:				
- Depreciation of:				
- Property, plant and equipment	(10,561,470)	(385,703)	(437,289)	(11,384,462)
- Investment properties	-	-	(4,080,754)	(4,080,754)
Investment in an associate	3,387,026	-	-	3,387,026
Investment in a joint venture	-	-	378,110	378,110
Additions to non-current assets other than financial instruments and deferred tax assets	1,920,910	139,618	269,422	2,329,950
Segment assets	775,195,816	529,360,273	429,966,488	1,734,522,577
Segment liabilities	560,979,046	546,218,593	126,408,788	1,233,606,427

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (continued)

(a) Reconciliations

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

	2018 RM	Group 2017 RM
Profit for the financial year		
Total profit or loss for reportable segments	152,327,417	121,774,752
Elimination of inter-segment losses	(66,246,774)	(18,010,049)
Share of loss of an associate, net of tax	(79,880)	(119,784)
Share of profit of a joint venture, net of tax	961,146	153,114
Profit before tax	86,961,909	103,798,033
Tax expense	(21,850,970)	(32,597,104)
Profit for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income	65,110,939	71,200,929
Assets		
Total assets for reportable segments	1,954,800,104	1,734,522,577
Elimination of investments in subsidiaries and consolidation adjustments	(325,414,616)	(106,732,905)
Elimination of inter-segment balances	(215,828,222)	(539,888,416)
Assets of the Group per consolidated statement of financial position	1,413,557,266	1,087,901,256
Liabilities		
Total liabilities for reportable segments	1,165,606,852	1,233,606,427
Elimination of consolidation adjustments	(13,670,795)	(7,554,523)
Elimination of inter-segment balances	(215,828,222)	(539,888,416)
Liabilities of the Group per consolidated statement of financial position	936,107,835	686,163,488

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

4. OPERATING SEGMENTS (continued)

(b) Geographical information

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

(c) Major customers

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

	2018 RM	Group 2017 RM
Customer A	293,078,271	156,633,781
Customer B	122,019,853	-
Customer C	123,407,370	131,984,884
Customer D	69,933,353	-
	608,438,847	288,618,665

The above customers are related to the construction segment.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

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

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The strategy of the Group is to maintain the balance between debt and equity and to ensure sufficient operating cash flows to repay its liabilities as and when they fall due. The Group includes within net debt, loans and borrowings, less cash and bank balances (including fixed deposits with licensed banks) and short term funds. Capital represents total equity.

**NOTES TO THE
FINANCIAL STATEMENTS**
31 DECEMBER 2018 (CONT'D)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Borrowings	205,706,995	188,159,542	-	-
Less:				
Short term funds	(36,725,170)	(86,053,973)	(35,365,153)	(85,943,076)
Cash and bank balances	(91,846,550)	(50,337,485)	(1,365,656)	(1,103,592)
Net debt/(Net cash)	77,135,275	51,768,084	(36,730,809)	(87,046,668)
Total capital	477,449,431	401,737,768	323,471,313	301,580,005
Net debt/(Net cash)	77,135,275	51,768,084	(36,730,809)	(87,046,668)
Total	554,584,706	453,505,852	286,740,504	214,533,337
Gearing ratio	14%	11%	*	*

* Gearing ratio is not presented as the Company is in net cash position as at the end of the reporting period.

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued share capital (excluding any treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement for the financial year ended 31 December 2018.

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

(b) Financial risk management objectives and policies

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

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

The Group is exposed mainly to liquidity and cash flow risk, interest rate risk, credit risk and market price risk. Information on the management of the related exposures is detailed below.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

(i) Liquidity and cash flow risk

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

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 29 and 31 to the financial statements respectively.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

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

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 22, 26, 29 and 31 to the financial statements respectively.

(iii) Credit risk

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

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to two (2) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control section to minimise credit risk. Overdue balances are reviewed regularly by senior management.

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The credit risk concentration profiles have been disclosed in Note 22 to the financial statements.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management objectives and policies (continued)

(iv) Market price risk

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

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

The sensitivity analysis of market price risk has been disclosed in Notes 24 and 25 to the financial statements respectively.

6. REVENUE

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Revenue from contracts with customers:				
Construction contracts	549,469,144	355,755,839	-	-
Property development revenue	24,506,724	95,194,740	-	-
Other revenue:				
Rental income	11,354,016	11,354,016	-	-
Dividend income from a subsidiary	-	-	61,490,000	10,000,000
	585,329,884	462,304,595	61,490,000	10,000,000

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements.

(a) Construction contracts

Revenue from contract works are recognised over the period of the contracts by reference to the progress towards complete satisfaction of that performance obligations. Progress is determined on the proportion of construction contract costs incurred for work performed to date against total estimated construction contract costs where the outcome of the project can be estimated reliably.

Significant judgements are required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs. In making the judgements, the Group evaluates based on past experience and by relying on the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

6. REVENUE (continued)

(b) Property development

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total cost of development of the contract).

(c) Rental income

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

(d) Dividend income

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

7. COST OF SALES

	2018 RM	Group 2017 RM
Inventories sold	-	3,236,928
Property development costs	26,693,017	82,250,874
Construction contract costs	435,381,112	234,467,029
	462,074,129	319,954,831

Included in the property development costs of the Group are cost on sales of land held for property development and property development costs amounting to RM26,693,017 (2017: RM82,250,874).

**NOTES TO THE
FINANCIAL STATEMENTS**
31 DECEMBER 2018 (CONT'D)

8. FINANCE COSTS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expense on:				
- bank overdrafts	2,053,989	2,720,158	-	-
- hire-purchase creditors	223,056	183,427	-	-
- revolving credits	213,159	300,250	-	-
- term loans	2,169,375	8,398,910	-	1,591,244
- late payment for land instalments	-	410,745	-	-
- advances from subsidiaries	-	-	179,227	52,048
- others	736,160	559,389	-	25,893
	5,395,739	12,572,879	179,227	1,669,185

9. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Directors' remuneration:				
- Directors of the Company:				
- fees:				
- payable by the Company	466,000	439,258	466,000	439,258
- emoluments other than fees:				
- payable by Company	24,000	-	24,000	-
- payable by the subsidiaries	6,443,183	3,256,495	2,803	-
	6,933,183	3,695,753	492,803	439,258
Directors of subsidiaries:				
- emoluments other than fees	2,116,965	1,095,650	-	-
	9,050,148	4,791,403	492,803	439,258

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM152,786 (2017: RM92,620).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

10. EMPLOYEE BENEFITS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Wages, salaries and bonuses	29,926,525	18,867,190	223,865	203,560
EPF and Socso contributions	3,374,106	2,379,557	29,438	26,243
Other employee benefits	449,404	292,810	21,789	4,105
	33,750,035	21,539,557	275,092	233,908

Included in the employee benefits of the Group are Directors' remuneration amounting to RM8,584,148 (2017: RM4,352,145).

11. TAX EXPENSE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current year tax expense based on profit for the financial year	25,080,781	34,529,244	563,483	460,918
Over provision in prior years	(3,261,324)	(847,111)	(347,938)	-
	21,819,457	33,682,133	215,545	460,918
Deferred tax (Note 19):				
- Relating to origination and reversal of temporary differences	25,155	(907,954)	-	-
- Under/(Over) provision in prior years	6,358	(177,075)	-	-
	31,513	(1,085,029)	-	-
	21,850,970	32,597,104	215,545	460,918

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the fiscal year.

**NOTES TO THE
FINANCIAL STATEMENTS**
31 DECEMBER 2018 (CONT'D)

11. TAX EXPENSE (continued)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	86,961,909	103,798,032	5,146,129	10,041,182
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	20,870,858	24,911,528	1,235,071	2,409,884
Tax effects in respect of:				
Non-allowable expenses	81,989,256	14,941,642	15,324,765	647,928
Non-taxable income	(77,386,336)	(7,445,737)	(15,818,762)	(2,456,976)
Tax effect on real property gains tax	-	870,085	-	-
Deferred tax assets not recognised	-	343,772	(177,591)	(139,918)
Utilisation of previously unrecognised tax assets	(367,842)	-	-	-
	25,105,936	33,621,290	563,483	460,918
(Over)/Under provision in prior years				
- current tax expense	(3,261,324)	(847,111)	(347,938)	-
- deferred tax expense	6,358	(177,075)	-	-
	21,850,970	32,597,104	215,545	460,918

12. EARNINGS PER ORDINARY SHARE

- (a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

12. EARNINGS PER ORDINARY SHARE (continued)

(a) Basic (continued)

	2018 RM	Group 2017 RM
Profit for the financial year attributable to equity holders of the parent	61,209,887	67,038,505
Weighted average number of ordinary shares in issue (unit)	450,941,023	390,384,498
- shares repurchased	(11,957,008)	-
- shares resale	1,570,313	-
- issuance of ordinary shares pursuant to private placement exercise	-	8,111,136
- acquisition of a subsidiary by way of issuance of ordinary shares	-	8,145,951
- conversion of warrants into ordinary shares	28,351,518	2,461,594
Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share	468,905,846	409,103,179
Basic earnings per ordinary share (sen)	13.05	16.39

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	2018 RM	Group 2017 RM
Profit for the financial year distributable to equity holders of the parent	61,209,887	67,038,505
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	468,905,846	409,103,179
Effect of outstanding warrants convertible into ordinary shares	119,394,669	138,465,875
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	588,300,515	547,569,054
Diluted earnings per ordinary share (sen)	10.40	12.24

**NOTES TO THE
FINANCIAL STATEMENTS**
31 DECEMBER 2018 (CONT'D)

13. DIVIDENDS

	Dividend per share Sen	Group and Company		2017 Amount of dividend RM
		2018 Amount of dividend RM	Dividend per share Sen	
In respect of the financial year ended 31 December 2018				
First interim single tier dividend of 2.0 sen per ordinary share, paid on 12 June 2018	2.0	9,277,196	-	-
Special single tier dividend of 1.0 sen per ordinary share, paid on 12 June 2018	1.0	4,638,598	-	-
Second interim single tier dividend of 2.0 sen per ordinary share, paid on 10 January 2019	2.0	9,551,586	-	-
In respect of the financial year ended 31 December 2017				
Interim single tier dividend of 0.5 sen per ordinary share, paid on 21 December 2017	-	-	0.5	2,218,905
Special single tier dividend of 1.5 sen per ordinary share, paid on 21 December 2017	-	-	1.5	6,656,715
	5.0	23,467,380	2.0	8,875,620

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

14. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2018 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2018 RM
Carrying amount						
Leasehold land and buildings	13,692,684	3,081,291	-	-	(702,103)	16,071,872
Information technology equipment	75,914	3,447	(3)	(10,207)	(43,481)	25,670
Furniture and fittings	1,571,552	4,559	-	(235,734)	(204,941)	1,135,436
Motor vehicles	1,608,208	5,189,788	(33,744)	(1,649)	(1,383,809)	5,378,794
Office and computer equipment	1,037,476	2,161,268	(404)	(207)	(720,603)	2,477,530
Operation and construction equipment	8,293,648	118,455	-	-	(5,269,452)	3,142,651
Plant, machinery and cabins	5,973,621	333,511	-	-	(3,617,111)	2,690,021
	32,253,103	10,892,319	(34,151)	(247,797)	(11,941,500)	30,921,974

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	← At 31.12.2018 →		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land and buildings	16,833,734	(761,862)	16,071,872
Information technology equipment	1,216,311	(1,190,641)	25,670
Furniture and fittings	3,213,573	(2,078,137)	1,135,436
Motor vehicles	10,237,418	(4,858,624)	5,378,794
Office and computer equipment	6,192,585	(3,715,055)	2,477,530
Operation and construction equipment	29,620,856	(26,478,205)	3,142,651
Plant, machinery and cabins	18,329,866	(15,639,845)	2,690,021
	85,644,343	(54,722,369)	30,921,974

Group	Balance as at 1.1.2017 RM	Additions RM	Disposals RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2017 RM
Carrying amount						
Leasehold land and buildings	13,847,512	263,422	-	-	(418,250)	13,692,684
Information technology equipment	199,451	7,918	-	(16)	(131,439)	75,914
Furniture and fittings	3,744,920	109,749	-	(1,978,963)	(304,154)	1,571,552
Motor vehicles	1,285,286	1,439,761	(222,340)	(2,692)	(891,807)	1,608,208
Office and computer equipment	1,260,165	243,156	(460)	(12,062)	(453,323)	1,037,476
Operation and construction equipment	13,777,080	33,450	-	-	(5,516,882)	8,293,648
Plant, machinery and cabins	9,468,478	173,750	-	-	(3,668,607)	5,973,621
	43,582,892	2,271,206	(222,800)	(1,993,733)	(11,384,462)	32,253,103

	← At 31.12.2017 →		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Leasehold land and buildings	15,318,255	(1,625,571)	13,692,684
Information technology equipment	1,313,800	(1,237,886)	75,914
Furniture and fittings	3,444,748	(1,873,196)	1,571,552
Motor vehicles	7,267,284	(5,659,076)	1,608,208
Office and computer equipment	4,046,547	(3,009,071)	1,037,476
Operation and construction equipment	29,502,401	(21,208,753)	8,293,648
Plant, machinery and cabins	17,996,355	(12,022,734)	5,973,621
	78,889,390	(46,636,287)	32,253,103

14. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

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

Leasehold land and buildings	2%
Information technology equipment	20%
Furniture and fittings	8% to 10%
Motor vehicles	20%
Office and computer equipment	10% to 40%
Operation and construction equipment	10% to 20%
Plant, machinery and cabins	10% to 20%

- (b) The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 *Leases*.
- (c) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	2018 RM	Group 2017 RM
Purchase of property, plant and equipment	10,892,319	2,271,206
Financed by hire-purchase arrangements	(4,947,400)	(970,300)
Cash payments on purchase of property, plant and equipment	5,944,919	1,300,906

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

	2018 RM	Group 2017 RM
Motor vehicles	4,062,775	1,290,312
Operation and construction equipment	-	86,024
Plant, machinery and cabins	306,520	-
	4,369,295	1,376,336

- (e) As at the end of the reporting period, leasehold land and buildings with a carrying amount of RM15,948,591 (2017: RM13,565,667) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

15. INVESTMENT PROPERTIES

	2018 RM	Group 2017 RM
Investment properties	33,006,684	33,701,258

(a) The details of the investment properties are as follows:

Group	Balance as at 1.1.2018 RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2018 RM
Carrying amount				
Investment properties	33,701,258	3,998	(698,572)	33,006,684
		←	At 31.12.2018 Accumulated depreciation RM	→
Investment properties		37,786,010	(4,779,326)	33,006,684
			←	At 31.12.2017 Accumulated depreciation RM
		Balance as at 1.1.2017 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2017 RM
Carrying amount				
Investment properties		37,782,012	(4,080,754)	33,701,258
			←	At 31.12.2017 Accumulated depreciation RM
Investment properties		40,807,536	(7,106,278)	33,701,258

15. INVESTMENT PROPERTIES (continued)

- (b) Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period for the investment properties is fifty (50) years.

- (c) Investment properties comprise buildings, plant and furnitures which are in respect of the provision of accommodation on base-camp concept that are leased to a third party.
- (d) The Level 3 fair value of investment properties is RM65,994,950 (2017: RM72,864,363). The fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less any other operating and management expenses.

- (e) The following are recognised in the statements of profit or loss and other comprehensive income in respect of investment properties:

	2018 RM	Group 2017 RM
Rental income	11,354,016	11,354,016

16. INVESTMENTS IN SUBSIDIARIES

	2018 RM	Company 2017 RM
Unquoted equity shares in Malaysia, at cost	117,822,116	117,822,116
Less: Impairment loss	(28,623,124)	(2,625,369)
Equity loans to subsidiaries	89,198,992 233,343,490	115,196,747 -
Balance at 31 December	322,542,482	115,196,747

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (a) Investments in subsidiaries are stated in the separate financial statements at cost less any impairment losses.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Equity loans to subsidiaries are unsecured, interest-free and have no fixed terms of repayment, and are considered to be part of the net investments of the Company in the subsidiaries.

- (c) The details of subsidiaries, which are all incorporated in Malaysia, are as follows:

Name of Company	Interest in equity held by				Principal activities
	Company		Subsidiaries		
	2018	2017	2018	2017	
Gabungan Strategik Sdn. Bhd.	100%	100%	-	-	Contractor for civil and building construction works
Pembinaan Megah Ikhlas Sdn. Bhd.	100%	100%	-	-	Contractor for civil and building construction works
Motibina Sdn. Bhd.	100%	100%	-	-	Contractor for civil and building construction works
Prestige Field Development Sdn. Bhd.	52%	52%	-	-	Property development
AQRS The Building Company Sdn. Bhd.	100%	100%	-	-	Property development
GBG Trading Sdn. Bhd.	100%	100%	-	-	General trading
Sinajasa Sdn. Bhd.	100%	100%	-	-	Dormant
Gabungan AQRS Properties Sdn. Bhd.	100%	100%	-	-	Property investment
Gabungan AQRS Management Sdn. Bhd.	100%	100%	-	-	Provision of management services
Gabungan AQRS Capital Berhad	100%	100%	-	-	Dormant
GBG Properties (Sabah) Sdn. Bhd.	100%	100%	-	-	Property development
Trusvest Sdn. Bhd.	90%	90%	-	-	Property investment
Monolight IBS Building System Sdn. Bhd.	100%	100%	-	-	Contractors for all building

16. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The details of subsidiaries, which are all incorporated in Malaysia, are as follows (continued):

Name of company	Interest in equity held by				Principal activities
	Company		Subsidiaries		
	2018	2017	2018	2017	
Subsidiaries of AQRS					
<i>The Building Company Sdn. Bhd.</i>					
Nusvista Development Sdn. Bhd.	-	-	100%	100%	Property development
Grand Meridian Development Sdn. Bhd.	-	-	100%	100%	Dormant
Bright Reach Sdn. Bhd.	-	-	100%	100%	Investment holding
Subsidiary of Prestige					
<i>Field Development Sdn. Bhd.</i>					
Estet Etos Sdn. Bhd.	-	-	100%	100%	In the process of striking off
Subsidiary of Bright					
<i>Reach Sdn. Bhd.</i>					
Crystal Aspect Sdn. Bhd.	-	-	100%	100%	Property development

(d) In the previous financial year, the Company had acquired 750,000 ordinary shares representing 100% equity interest in Monolight IBS Building System Sdn. Bhd. ("Monolight") for a consideration of RM29,537,110, which was satisfied by issuance of 19,561,000 shares of the Company at RM1.51 per share, being the fair value of the consideration shares at the acquisition date. The principal activities of Monolight are carrying on business of contractors for all building. Upon completion of the acquisition, Monolight became a wholly-owned subsidiary of the Company.

(e) In the previous financial year, the Company subscribed for an additional 7,400,000 ordinary shares of RM1.00 each in Gabungan Strategik Sdn. Bhd. ("GSSB") via capitalisation of amount owing from GSSB. Upon completion of the shares allotment, GSSB remained as a wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(f) The subsidiaries that have non-controlling interests ("NCI") are as follows:

2018	Prestige Field Development Sdn. Bhd.	Estet Etos Sdn. Bhd.	Trusvest Sdn. Bhd.	Total
NCI percentage of ownership interest and voting interests	48%	48%	10%	
Carrying amount of NCI (RM)	5,071,236	(2,159)	550,933	5,620,010
Profit/(Loss) allocated to NCI (RM)	2,534,186	8,645	1,358,221	3,901,052
2017				
NCI percentage of ownership interest and voting interests	48%	48%	10%	
Carrying amount of NCI (RM)	10,183,634	(1,297,388)	(807,288)	8,078,958
Profit/(Loss) allocated to NCI (RM)	4,433,745	(14,997)	(256,324)	4,162,424

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

2018	Prestige Field Development Sdn. Bhd. RM	Estet Etos Sdn. Bhd. RM	Trusvest Sdn. Bhd. RM
Assets and liabilities			
Non-current assets	2	-	45,636,428
Current assets	12,830,318	2	15,123,470
Non-current liabilities	-	-	(8,452,058)
Current liabilities	(2,265,244)	(4,500)	(16,734,484)
Net assets/(liabilities)	10,565,076	(4,498)	35,573,356

**NOTES TO THE
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31 DECEMBER 2018 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (continued)

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

2018	Prestige Field Development Sdn. Bhd. RM	Estet Etos Sdn. Bhd. RM	Trusvest Sdn. Bhd. RM
Results			
Revenue	-	-	11,354,016
Profit for the financial year	4,330,100	18,010	6,421,390
Total comprehensive income	4,330,100	18,010	6,421,390
<hr/>			
Cash flows from/(used in) operating activities	41,650,237	(74)	8,826,424
Cash flows (used in)/from investing activities	(29,620,274)	(1,766)	5,508,746
Cash flows used in financing activities	(10,381,290)	-	(10,388,400)
<hr/>			
Net increase/(decrease) in cash and cash equivalents	1,648,673	(1,840)	3,946,770
<hr/>			
2017			
Assets and liabilities			
Non-current assets	49,786	-	46,598,297
Current assets	58,822,538	1,842	5,252,528
Non-current liabilities	-	-	(17,694,090)
Current liabilities	(30,390,348)	(2,704,733)	(35,068,792)
<hr/>			
Net assets/(liabilities)	19,481,976	(2,702,891)	(912,057)
<hr/>			
Results			
Revenue	34,727,683	-	11,354,016
Profit/(Loss) for the financial year	6,542,048	(31,243)	(709,723)
Total comprehensive income/(loss)	6,542,048	(31,243)	(709,723)
<hr/>			
Cash flows from/(used in) operating activities	44,600,700	(636,321)	4,783,090
Cash flows (used in)/from investing activities	(2,464,962)	636,189	3,235,294
Cash flows used in financing activities	(42,470,446)	-	(8,017,214)
<hr/>			
Net (decrease)/increase in cash and cash equivalents	(334,708)	(132)	1,170
<hr/>			

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (h) Management has made estimates about the future results and key assumptions applied to cash flow projections of subsidiaries in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenues and budgeted gross margins as well as determining an appropriate pre-tax discount rate, growth rates and terminal values.

	2018 %	Group	2017 %
Growth rate	28.99		26.61
Discount rate	12.10		10.30

17. INVESTMENT IN AN ASSOCIATE

	2018 RM	Group	2017 RM
Unquoted equity shares, at cost	3,322,200		3,322,200
Share of post-acquisition (loss)/reserves, net of tax	(15,054)		64,826
	3,307,146		3,387,026
Dividend received	-		19,600

- (a) The Group recognises its interest in an associate as an investment and accounts for that investment using the equity method.
- (b) The financial year end of the associate is coterminous with those of the Group. Audited financial statements of the associate for the financial years ended 31 December 2017 and 31 December 2018 have been used for the purpose of applying the equity method of accounting.

17. INVESTMENT IN AN ASSOCIATE (continued)

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

Name of company	Country of incorporation	Interest in equity held by subsidiary		Principal activity
		2018 %	2017 %	
Associate of Sinajasa Sdn. Bhd.				
SEDCO Precast Sdn. Bhd.	Malaysia	49%	49%	Manufacturing and supplying of pre-cast concrete products

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

2018	SEDCO Precast Sdn. Bhd. RM
Assets and liabilities	
Non-current assets	4,822,507
Current assets	5,693,007
Non-current liabilities	(1,261,224)
Current liabilities	(2,908,456)
Net assets	6,345,834
Results	
Revenue	12,982,799
Loss for the financial year	(163,019)
Total comprehensive loss	(163,019)
Cash flows used in operating activities	(1,689,789)
Cash flows from investing activities	1,286,207
Cash flows used in financing activities	(792,000)
Net decrease in cash and cash equivalents	(1,195,582)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

17. INVESTMENT IN AN ASSOCIATE (continued)

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

2017	SEDCO Precast Sdn. Bhd. RM
Assets and liabilities	
Non-current assets	4,718,113
Current assets	9,016,175
Non-current liabilities	(1,881,828)
Current liabilities	(5,343,607)
Net assets	6,508,853
Results	
Revenue	12,776,713
Loss for the financial year	(213,552)
Total comprehensive loss	(213,552)
Cash flows from operating activities	1,875,916
Cash flows used in investing activities	(291,530)
Cash flows used in financing activities	(832,001)
Net increase in cash and cash equivalents	752,385

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

	SEDCO Precast Sdn. Bhd. RM
As at 31 December 2018	
Share of net assets of the Group	3,109,458
Goodwill	197,688
Carrying amount in the consolidated statement of financial position	3,307,146
Share of results of the Group for the financial year ended 31 December 2018	
Share of loss/other comprehensive loss of the Group, net of tax	(79,880)

17. INVESTMENT IN AN ASSOCIATE (continued)

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

	SEDCO Precast Sdn. Bhd. RM
<hr/>	
As at 31 December 2017	
Share of net assets of the Group	3,189,338
Goodwill	197,688
<hr/>	
Carrying amount in the consolidated statement of financial position	3,387,026
<hr/>	
Share of results of the Group for the financial year ended 31 December 2017	
Share of loss/other comprehensive loss of the Group, net of tax	(119,784)
<hr/>	

18. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Unquoted equity shares, at cost	255,000	255,000	255,000	255,000
Share of post-acquisition reserves, net of tax	484,256	123,110	-	-
	739,256	378,110	255,000	255,000
<hr/>				
Dividend received	600,000	-	600,000	-
<hr/>				

- (a) Investment in a joint venture is stated at cost in the separate financial statements of the Company. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.
- (b) The details of the joint venture are as follows:

Name of company	Country of incorporation	Interest in equity held by subsidiary		Principal activity
		2018 %	2017 %	
Kreatif Sinar Gabungan Sdn. Bhd. ("KSGSB")	Malaysia	30%	30%	Construction

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

18. INVESTMENT IN A JOINT VENTURE (continued)

- (c) KSGSB, the only joint venture in which the Company participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement provides the Company with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with KSGSB. This joint arrangement has been classified as a joint venture.
- (d) The financial year end of the joint venture is coterminous with those of the Group. Management accounts of the joint venture for the financial years ended 31 December 2017 and 31 December 2018 have been used for the purpose of applying the equity method of accounting.
- (e) The summarised financial information of the joint venture are as follows:

2018	Kreatif Sinar Gabungan Sdn. Bhd. RM
Assets and liabilities	
Current assets	18,405,337
Current liabilities	(15,941,151)
Net assets	2,464,186
Results	
Revenue	46,919,230
Profit for the financial year	1,606,043
Total comprehensive income	1,606,043
Cash flows from operating activities	1,597,985
Cash flows from investing activities	-
Cash flows used in financing activities	(2,000,000)
Net decrease in cash and cash equivalents	(402,015)

18. INVESTMENT IN A JOINT VENTURE (continued)

(e) The summarised financial information of the joint venture are as follows: (continued)

	Kreatif Sinar Gabungan Sdn. Bhd. RM
2017	
Assets and liabilities	
Current assets	30,743,501
Current liabilities	(29,483,134)
Net assets	1,260,367
Results	
Revenue	7,863,399
Profit for the financial year	510,381
Total comprehensive income	510,381
Cash flows from operating activities	1,667,231
Cash flows used in investing activities	-
Cash flows used in financing activities	-
Net increase in cash and cash equivalents	1,667,231

(f) The reconciliation of net assets of the joint venture to the carrying amount of the investment in an joint venture is as follows:

	Kreatif Sinar Gabungan Sdn. Bhd. RM
As at 31 December 2018	
Share of net assets of the Group/Carrying amount in the consolidated statement of financial position	739,256
Share of results of the Group for the financial year ended 31 December 2018	
Share of profit/other comprehensive income of the Group, net of tax	961,146

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

18. INVESTMENT IN A JOINT VENTURE (continued)

- (f) The reconciliation of net assets of the joint venture to the carrying amount of the investment in a joint venture is as follows: (continued)

	Kreatif Sinar Gabungan Sdn. Bhd. RM
As at 31 December 2017	
Share of net assets of the Group/Carrying amount in the consolidated statement of financial position	378,110
Share of results of the Group for the financial year ended 31 December 2017	
Share of profit/other comprehensive income of the Group, net of tax	153,114

19. DEFERRED TAX

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

	2018 RM	Group 2017 RM
Balance as at 1 January	2,812,505	1,510,663
Acquisition of a subsidiary Recognised in profit or loss (Note 11)	- (31,513)	216,813 1,085,029
Balance as at 31 December	2,780,992	2,812,505
Represented by:		
Deferred tax assets, net	3,007,864	2,938,048
Deferred tax liabilities, net	(226,872)	(125,543)
	2,780,992	2,812,505

**NOTES TO THE
FINANCIAL STATEMENTS**
31 DECEMBER 2018 (CONT'D)

19. DEFERRED TAX (continued)

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

Deferred tax assets of the Group

	Property development costs RM	Unused tax losses and unabsorbed capital allowances RM	Other deductible temporary differences RM	Set-off tax RM	Total RM
At 1 January 2017	3,223,170	-	-	-	3,223,170
Effects of adoption of:					
MFRS 15	-	-	7,957,982	(7,957,982)	-
MFRS 9	-	-	1,219,706	(1,219,706)	-
At 1 January 2017 (restated)	3,223,170	-	9,177,688	(9,177,688)	3,223,170
Recognised in profit or loss	(285,122)	42,469	(1,577,544)	1,535,075	(285,122)
At 31 December 2017/1 January 2018	2,938,048	42,469	7,600,144	(7,642,613)	2,938,048
Recognised in profit or loss	69,816	(42,469)	(1,109,156)	1,151,625	69,816
At 31 December 2018	3,007,864	-	6,490,988	(6,490,988)	3,007,864

Deferred tax liabilities of the Group

	Land held for property development RM	Property, plant and equipment RM	Others RM	Set-off tax RM	Total RM
At 1 January 2017	1,794,256	1,137,957	-	-	2,932,213
Effects of adoption of:					
MFRS 15	-	-	7,957,982	(7,957,982)	-
MFRS 9	-	-	-	(1,219,706)	(1,219,706)
At 1 January 2017 (restated)	1,794,256	1,137,957	7,957,982	(9,177,688)	1,712,507
Recognised in profit or loss	(1,525,746)	(990,878)	-	1,535,075	(1,586,964)
At 31 December 2017/1 January 2018	268,510	147,079	7,352,567	(7,642,613)	125,543
Recognised in profit or loss	118,370	25,578	(1,194,244)	1,151,625	101,329
At 31 December 2018	386,880	172,657	6,158,323	(6,490,988)	226,872

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

19. DEFERRED TAX (continued)

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

	2018 RM	Group 2017 RM
Unused tax losses, gross	40,051,414	41,197,374
Unabsorbed capital allowances, gross	88,930	79,811
Other deductible temporary differences, gross	128,503,969	128,899,803
	168,644,313	170,176,988

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

The unused tax losses up to the year of assessment 2018 shall be deductible until year of assessment 2025. The unused tax losses for the year of assessment 2019 onwards will expire in seven (7) years.

20. INTANGIBLE ASSETS

Group	Balance as at 1.1.2018/ 31.12.2018 RM
Carrying amount	
Customer contract	28,564,072
Goodwill	1,219,080
	29,783,152

Carrying amount	Balance as at 1.1.2017 RM	Acquisition of a subsidiary RM	Balance as at 31.12.2017 RM
Customer contract	-	28,564,072	28,564,072
Goodwill	-	1,219,080	1,219,080
	-	29,783,152	29,783,152

20. INTANGIBLE ASSETS (continued)

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and/or any accumulated impairment losses.
- (b) Customer contract relates to a construction project awarded to Monolight, which would be amortised based on the unit of production of the construction project.
- (c) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.
- (d) Goodwill has been allocated to the cash-generating units ("CGU") of the Group, according to business segment as follows:

	2018 RM	Group 2017 RM
Construction	1,219,080	1,219,080

- (e) For the purpose of impairment testing, intangible assets are allocated to the operating divisions of the Group which represent the lowest level within the Group at which the intangible assets are monitored for internal management purposes.
- (f) Key assumptions used in value-in-use calculation

The Group determines whether intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which intangible assets are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projection based on financial budget approved by management covering a three-year period. The key assumptions used for value-in-use calculation for the business segment are:

	2018 %	Construction 2017 %
Growth rate	32.60	32.60
Discount rate	12.10	10.30

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

20. INTANGIBLE ASSETS (continued)

(f) Key assumptions used in value-in-use calculation (continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of intangible assets:

(i) Growth rate

The growth rate used is determined using a simple average of the annual profit before tax and interest (PBIT) growth rate obtained from projected cash flow approved by management in respect of a construction project. The projected cash flow cover a period of three (3) years and the budgeted inflow is recognised over the period basing on the projected percentage of completion of the construction project. The effect of changes to the parameters is not material to the growth rate used.

(ii) Pre-tax discount rate

The discount rate reflects specific risks relating to the relevant segment.

(g) Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed their recoverable amounts.

21. INVENTORIES

	Note	2018 RM	Group 2017 RM
Current			
At cost:			
Completed properties		40,875,602	45,607,710
Land held for property development		1,161,860	37,931,203
Property development costs	(a)	336,952,832	209,801,886
		378,990,294	293,340,799
		378,990,294	293,340,799

During the financial year, the Group has transferred land held for property development amounting to RM36,921,605 to property development cost.

21. INVENTORIES (continued)

(a) Property development costs

Group	Freehold land RM	Leasehold land RM	Development costs RM	Cumulative costs recognised in profit or loss RM	Total RM
Balance as at 1 January 2018	74,750,000	52,356,610	252,200,553	(186,166,942)	193,140,221
Effects of adoption of MFRS 15	-	-	-	16,661,665	16,661,665
At beginning of financial year (restated)	74,750,000	52,356,610	252,200,553	(169,505,277)	209,801,886
Costs incurred during the year	21,000,000	(1,406,905)	90,939,902	-	110,532,997
Net transfer from land held for property development	-	36,706,973	214,632	-	36,921,605
Recognised during the year	-	-	-	(20,303,656)	(20,303,656)
Balance as at 31 December 2018	95,750,000	87,656,678	343,355,087	(189,808,933)	336,952,832
Balance as at 1 January 2017	66,240,620	54,139,460	256,908,747	(132,315,681)	244,973,146
Effects of adoption of MFRS 15	-	-	-	16,671,984	16,671,984
At beginning of financial year (restated)	66,240,620	54,139,460	256,908,747	(115,643,697)	261,645,130
Costs incurred during the year	12,000,000	-	3,039,534	-	15,039,534
Recognised during the year	(3,490,620)	(1,782,850)	(7,747,728)	-	(13,021,198)
Completed developments	-	-	-	(53,861,580)	(53,861,580)
Balance as at 31 December 2017	74,750,000	52,356,610	252,200,553	(169,505,277)	209,801,886

- (b) 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.
- (c) Property development costs not recognised as an expense are recognised as an asset measured at lower of cost and net realisable value. The asset is subsequently credited over to profit or loss and recognised as an expense when the control of the asset is transferred to the customer.
- (d) The Group recognises in profit or loss the property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting period. It is measured based on direct measurements of the value transferred by the Group to the customers and the Group's efforts or inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

21. INVENTORIES (continued)

- (e) As at the end of the reporting period, property development costs of the Group with carrying amounts of RM48,356,809 (2017: RM246,723,491) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 29 to the financial statements.
- (f) Freehold land under development of RM95,750,000 (2017: RM74,750,000) is provided by Pro-Meridian Sdn. Bhd. ("Pro-Meridian"), pursuant to an agreement entered into by a subsidiary, AQRS The Building Company Sdn. Bhd. ("AQRS") with Pro-Meridian on 30 September 2011. In accordance with the agreement, AQRS was granted vacant possession to develop the freehold land.
- (g) Additions to aggregate costs incurred during the financial year include interest expense of RM162,301 (2017: RM3,668,188). Interest is capitalised at rate of 8.53% (2017: 8.53%) per annum.
- (h) In the previous financial year, inventories of the Group recognised as cost of sales amounted to RM8,842,039.

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables				
Third parties	157,234,935	107,132,421	-	-
Related parties	10,048,389	3,860,450	-	-
Retention sums	66,875,412	43,897,305	-	-
	234,158,736	154,890,176	-	-
Less: Impairment losses				
- Third parties	(14,826,287)	(17,561,034)	-	-
- Related parties	(995,541)	(851,634)	-	-
- Retention sums	(1,592,006)	(4,167,339)	-	-
	(17,413,834)	(22,580,007)	-	-
	216,744,902	132,310,169	-	-

**NOTES TO THE
FINANCIAL STATEMENTS**
31 DECEMBER 2018 (CONT'D)

22. TRADE AND OTHER RECEIVABLES (continued)

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Other receivables				
Other receivables	25,631,567	61,914,560	-	150,000
Amounts owing from subsidiaries	-	-	64,000,000	101,339,056
Deposits	3,545,316	3,660,970	166,620	166,620
	29,176,883	65,575,530	64,166,620	101,655,676
Less: Impairment losses - Other receivables	(17,000,368)	(20,222,894)	-	(747,578)
	12,176,515	45,352,636	64,166,620	100,908,098
Total trade and other receivables	228,921,417	177,662,805	64,166,620	100,908,098
Prepayments	10,667,180	13,967,073	18,505	985,030
	239,588,597	191,629,878	64,185,125	101,893,128

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2017: 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.
- (c) Amounts owing from related parties arose from the following:

	2018 RM	Group 2017 RM
Rental of investment properties	10,048,389	3,860,450

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

	2018 RM	Group 2017 RM
Within one (1) year	50,933,307	43,897,305
Within two (2) years	15,942,105	-
	66,875,412	43,897,305

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

22. TRADE AND OTHER RECEIVABLES (continued)

- (e) Amounts owing from subsidiaries represent advances, payments made on behalf and dividend receivable, which are unsecured, bear interests at 3.00% (2017: 3.00%) per annum and receivable within the next twelve (12) months in cash and cash equivalents.

Sensitivity analysis for amounts owing from subsidiaries as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.

No expected credit loss is recognised arising from amounts owing from subsidiaries as it is negligible.

- (f) Trade and other receivables are denominated in Ringgit Malaysia.
- (g) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (unemployment rates and inflation rates) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Lifetime expected loss provision for trade receivables as at 31 December 2018 are as follows:

Construction	Gross carrying amount RM	Lifetime expected loss RM	Net carrying amount RM
Collective assessment			
Not past due	22,093,448	(28,809)	22,064,639
Past due			
1-30 days	483,748	(7,569)	476,179
31-120 days	21,065,075	(329,617)	20,735,458
121-365 days	20,609,205	(322,484)	20,286,721
Over 365 days	1,107,418	(1,107,418)	-
	65,358,894	(1,795,897)	63,562,997
Individual assessment	140,487,877	(5,495,527)	134,992,350
	205,846,771	(7,291,424)	198,555,347

22. TRADE AND OTHER RECEIVABLES (continued)

(g) Lifetime expected loss provision for trade receivables as at 31 December 2018 are as follows: (continued)

Property development	Gross carrying amount RM	Lifetime expected loss RM	Net carrying amount RM
Collective assessment			
Not past due	2,512,598	(11,542)	2,501,056
Past due			
1-30 days	524,197	(10,114)	514,083
31-120 days	1,007,465	(19,438)	988,027
121-365 days	1,365,385	(26,432)	1,338,953
Over 365 days	8,894,609	(8,894,609)	-
	14,304,254	(8,962,135)	5,342,119
Individual assessment	3,959,323	(164,734)	3,794,589
	18,263,577	(9,126,869)	9,136,708
Others			
Collective assessment			
Not past due	-	-	-
Past due			
1-30 days	227,081	(3,553)	223,528
31-120 days	-	-	-
121-365 days	8,969,673	(140,354)	8,829,319
Over 365 days	-	-	-
	9,196,754	(143,907)	9,052,847
Individual assessment	851,634	(851,634)	-
	10,048,388	(995,541)	9,052,847

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

22. TRADE AND OTHER RECEIVABLES (continued)

(g) Lifetime expected loss provision for trade receivables as at 31 December 2018 are as follows: (continued)

Group	Gross carrying amount RM	Lifetime expected loss RM	Net carrying amount RM
Collective assessment			
Not past due	24,606,046	(40,351)	24,565,695
Past due			
1-30 days	1,235,026	(21,236)	1,213,790
31-120 days	22,072,540	(349,055)	21,723,485
121-365 days	30,944,263	(489,270)	30,454,993
Over 365 days	10,002,027	(10,002,027)	-
	88,859,902	(10,901,939)	77,957,963
Individual assessment	145,298,834	(6,511,895)	138,786,939
	234,158,736	(17,413,834)	216,744,902

During the financial year, the Group did not renegotiate the terms of any trade receivables.

(h) The movements in the impairment allowance for trade receivables are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables				
At 1 January under FRS 139	3,840	3,840	-	-
Effects of adoption of MFRS 9	22,576,166	35,779,057	-	-
Opening impairment loss of trade receivables in accordance with MFRS 9	22,580,006	35,782,897	-	-
Reversal of impairment losses	(8,166,249)	(17,569,050)	-	-
Charge for the financial year	3,000,077	4,366,160	-	-
At 31 December	17,413,834	22,580,007	-	-

22. TRADE AND OTHER RECEIVABLES (continued)

- (i) Impairment for other receivables and amounts due from related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. The Group defined significant increase in credit risk as more than 30 days past due. As at the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment other receivables are adjusted by forward looking information (unemployment rates and inflation rates) and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables and amounts due from related parties.

It requires management to exercise significant judgement in determining the probability of default by other receivables and amounts due from subsidiaries appropriate forward looking information and significant increase in credit risk.

- (j) The movements in the impairment allowance for other receivables are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other receivables				
<u>Lifetime ECL allowance</u>				
At 1 January under FRS 139	113,376	113,376	-	-
Effects of adoption of MFRS 9	20,109,518	31,091,482	747,578	1,330,570
Opening impairment loss of other receivables in accordance with MFRS 9	20,222,894	31,204,858	747,578	1,330,570
Reversal of impairment losses	(3,224,873)	(11,480,139)	(747,578)	(582,992)
Charge for the financial year	2,348	498,175	-	-
At 31 December	17,000,368	20,222,894	-	747,578

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

22. TRADE AND OTHER RECEIVABLES (continued)

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

	2018		Group	
	RM	% of total	RM	2017 % of total
By industry sectors				
Property development	9,136,710	8%	14,273,805	11%
Construction	198,555,344	88%	115,027,549	87%
Others	9,052,848	4%	3,008,815	2%
	216,744,902	100%	132,310,169	100%

23. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2018 RM	2017 RM
Aggregate costs incurred to date	2,692,210,541	2,163,375,529
Less: Impairment loss	(1,030,947)	(679,237)
Add: Attributable profits	778,553,297	657,843,087
	3,469,732,891	2,820,539,379
Less: Progress billings	(2,941,474,565)	(2,517,553,491)
	528,258,326	302,985,888

	Group	
	2018 RM	2017 RM
Represented by:		
Contract assets		
Construction contracts	486,931,706	301,678,665
Property development contracts	76,037,040	53,375,142
	562,968,746	355,053,807
Contract liabilities		
Construction contracts	(12,499,046)	(18,199,274)
Property development contracts	(22,211,374)	(33,868,645)
	(34,710,420)	(52,067,919)
	528,258,326	302,985,888

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

23. CONTRACT ASSETS/(LIABILITIES) (continued)

(a) Construction contracts and property development contracts

Construction contracts and property development contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

(b) Additions to aggregate costs incurred during the financial year include:

	2018 RM	Group 2017 RM
Hire of plant and machinery and motor vehicles	11,420,961	14,973,340

(c) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 22 to the financial statements.

Lifetime expected loss provision for contract assets as at 31 December 2018 are as follows:

	Gross carrying amount RM	Lifetime ECLs RM	Net carrying amount RM
Collective assessment Not past due	563,999,693	(1,030,947)	562,968,746

Movements in the impairment allowance for contract assets are as follows:

	2018 RM	Group 2017 RM
At 1 January under FRS 139	-	-
Effect of adoption of MFRS 9	679,237	511,646
Opening impairment loss of trade receivables in accordance with MFRS 9	679,237	511,646
Reversal of impairment losses	(20,881)	(104,644)
Charge for the financial year	372,591	272,235
At 31 December	1,030,947	679,237

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

24. OTHER INVESTMENT

	2018 RM	Group 2017 RM
Financial asset at fair value through profit or loss		
- Quoted shares outside Malaysia	1,328,068	8,122,815

- (a) All regular way purchases and sales of financial assets (including trade and other receivables) are recognised or derecognised on the trade date i.e., the date that the Group commit to purchase or sell the asset.
- (b) Fair value of quoted ordinary shares is determined by reference to the exchange quoted market prices at the close of the business on the reporting date. There is no change in fair value of quoted ordinary shares as at the end of the reporting date.
- (c) The fair value of quoted ordinary shares of the Group is categorised as Level 1 in the fair value hierarchy.
- (d) The following table demonstrates the sensitivity of the profit after tax of the Group to a reasonably possible change in the foreign exchange rate against the functional currency of the Group, with all other variables held constant.

	2018 RM	Group 2017 RM
USD/RM		
- Strengthen by 10%	100,933	617,334
- Weaken by 10%	(100,933)	(617,334)

- (e) The Group is exposed to the equity price risks arising from quoted outside Malaysia. It is listed on the NYSE American (formerly known as "American Stock Exchange") held for trading purpose. As the Group neither has the intention, nor the historical trend of active trading in the financial instrument, the Directors are of the opinion that the Group is not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

25. SHORT TERM FUNDS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Financial assets at fair value through profit or loss				
- Fixed income trust funds in Malaysia	36,725,170	86,053,973	35,365,153	85,943,076

25. SHORT TERM FUNDS (continued)

- (a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- (b) Short term funds of the Group and of the Company represent investments in highly liquid money market, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.
- (c) Short term funds are denominated in Ringgit Malaysia.
- (d) The interest rate profile of the short term funds as at the end of each reporting period are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Floating rate	36,725,170	86,053,973	35,365,153	85,943,076

- (e) Sensitivity analysis of interest rates for the short term funds at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Effects of 100 basis points changes to profit after tax				
- Increase by 1% (2017: 1%)	279,111	654,010	268,775	653,167
- Decrease by 1% (2017: 1%)	(279,111)	(654,010)	(268,775)	(653,167)

- (f) The weighted average effective interest rates of the short term funds as at the end of each reporting period are as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Short term funds	2.73	3.45	2.73	3.45

- (g) Short term funds are classified as at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value are determined by reference to the counter parties' quotes at the close of the business at the end of the reporting period and are categorised as Level 1 in fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (h) Short term funds of the Group and of the Company are exposed to changes in market quoted prices. However, the volatility of short term funds prices is considered low, the Directors are of the opinion that the Group is not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

26. CASH AND BANK BALANCES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances	13,770,780	11,222,492	274,843	39,922
Fixed deposits with licensed banks	78,075,770	39,114,993	1,090,813	1,063,670
	91,846,550	50,337,485	1,365,656	1,103,592

- (a) The weighted average effective interest rate of fixed deposits with both licensed banks of the Group and of the Company are 2.91% (2017: 2.10%) and 2.73% (2017: 2.55%) per annum respectively.

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rate.

- (b) Fixed deposits with licensed banks of the Group and of the Company were pledged as securities for banking facilities granted to the Group and to the Company as disclosed in Note 29 to the financial statements.
- (c) Fixed deposits with licensed banks have maturity period ranging from one (1) month to one (1) year (2017: one (1) month to one (1) year).
- (d) Included in cash and bank balances of the Group is a balance of RM1,535,239 (2017: RM514,203) held under Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015, which is not available for general use by the Group.
- (e) Cash and bank balances are denominated in Ringgit Malaysia.
- (f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Cash and bank balances		13,770,780	11,222,492	274,843	39,922
Fixed deposits with licensed banks		78,075,770	39,114,993	1,090,813	1,063,670
Short term funds	25	36,725,170	86,053,973	35,365,153	85,943,076
		128,571,720	136,391,458	36,730,809	87,046,668
Less:					
Bank overdrafts included in borrowings	29	(162,944,560)	(115,939,504)	-	-
Fixed deposits pledged		(78,075,770)	(39,114,993)	(1,090,813)	(1,063,670)
		(112,448,610)	(18,663,039)	35,639,996	85,982,998

**NOTES TO THE
FINANCIAL STATEMENTS**
31 DECEMBER 2018 (CONT'D)

27. SHARE CAPITAL

	Number of shares	Group and Company		2017 RM
		2018	RM	
Issued and fully paid				
Balance as at 1 January	451,476,525	267,080,518	390,920,000	97,730,000
Issuance of ordinary shares pursuant to:				
- Acquisition of a subsidiary	-	-	19,561,000	29,537,110
- Private placement	-	-	19,477,400	26,294,490
- Warrants exercised	43,117,480	56,052,724	21,518,125	27,973,562
	43,117,480	56,052,724	60,556,525	83,805,162
Ordinary shares resold in open market	-	1,107,363	-	-
Transfer from share premium account pursuant to the Companies Act 2016	-	-	-	85,545,356
Balance as at 31 December	494,594,005	324,240,605	451,476,525	267,080,518

- (a) During the financial year, the issued share capital of the Company was increased from 451,476,525 to 494,594,005 by way of issuance of 43,117,480 new ordinary shares pursuant to 43,117,480 warrants exercised at an exercise price of RM1.30 each for cash.

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

- (b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (c) With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, balance within the share premium account of RM85,545,356 has been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of the Companies Act 2016 for a transitional period of 24 months from 31 January 2017. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

27. SHARE CAPITAL (continued)

(d) Warrants A 2013/2018

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

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

Movement in the Warrants since the listing and quotation thereof is as follows:

	Number of Warrants
As of 25 July 2013	159,984,000
Exercised in financial year 2017	(21,518,125)
Exercised in financial year 2018	(43,117,480)
As of 20 July 2018	95,348,395

The unexercised number of Warrants A 2013/2018 of 95,348,395 had expired on 20 July 2018.

(e) Warrants B 2018/2023

On 27 September 2018, a total of 119,394,669 free Warrants were issued pursuant to the Deed Poll dated 5 September 2018 ("Deed Poll B") to all the shareholders of the Company on the basis of one (1) warrants for every four (4) existing ordinary shares held on 25 September 2018. The main features of the Warrants are as follows:

- (i) Each Warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, subject to the provisions in the Deed Poll.
- (ii) The exercise price of each Warrant has been fixed at RM1.12.
- (iii) The expiry date of Warrants shall be the date immediately preceding the fifth (5th) anniversary date of first issue of the Warrants, and if such date is not a Market Day, then on the immediate preceding Market Day, whereupon any warrant, which has not been exercised, will lapse and cease thereafter to be valid for any purpose.
- (iv) The ordinary shares each to be issued pursuant to the exercise of the Warrants will rank pari passu in all respect with the existing issued ordinary share of the Company.

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

**NOTES TO THE
FINANCIAL STATEMENTS**
31 DECEMBER 2018 (CONT'D)

28. RESERVES

	2018 RM	Group 2017 RM	2018 RM	Company 2017 RM
Non-distributable				
Treasury shares	(17,241,864)	(509,881)	(17,241,864)	(509,881)
Distributable				
Retained earnings	164,830,680	127,088,173	16,472,572	35,009,368
	147,588,816	126,578,292	(769,292)	34,499,487

Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the 8th Annual General Meeting held on 14 May 2018, granted mandate to the Company to repurchase up to 10% of its existing issued share capital ("Share Buy Back"). The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that repurchase plan can be applied in the best interests of the Company and its shareholders.

In the current financial year, the Company repurchased 20,049,200 of its ordinary shares from the open market for a total consideration of RM20,682,405 at an average price of RM1.032 per ordinary share and resold 3,570,000 of its ordinary shares for a total consideration of RM5,057,653 at an average price of RM1.417 per ordinary share. The repurchase transactions were financed by internally generated funds. The repurchased shares were held as treasury shares in accordance with the requirement of Section 127 of the Companies Act, 2016 in Malaysia. There were no shares repurchased in previous financial year.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 494,594,005 (2017: 451,476,525) issued ordinary shares as at the end of each reporting period, 17,014,702 (2017: 535,502) ordinary shares purchased for RM17,241,864 (2017: RM509,881) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 477,579,303 (2017: 450,941,023).

29. BORROWINGS

	Note	2018 RM	Group 2017 RM
Non-current liabilities			
Term loans		25,184,339	28,113,552
Hire-purchase creditors	30	3,735,589	1,069,342
		28,919,928	29,182,894

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

29. BORROWINGS (continued)

	Note	2018 RM	Group 2017 RM
Current liabilities			
Term loans		10,360,183	38,631,390
Revolving credits		2,000,000	4,000,000
Hire-purchase creditors	30	1,482,324	405,754
Bank overdrafts	26	162,944,560	115,939,504
		176,787,067	158,976,648
		205,706,995	188,159,542
Total borrowings			
Term loans		35,544,522	66,744,942
Revolving credits		2,000,000	4,000,000
Hire-purchase creditors	30	5,217,913	1,475,096
Bank overdrafts	26	162,944,560	115,939,504
		205,706,995	188,159,542

(a) Borrowings are classified as financial liabilities measured at amortised cost.

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

- (i) Leasehold land and building under property, plant and equipment of the Group as disclosed in Note 14 to the financial statements;
- (ii) Fixed deposits as disclosed in Note 26 to the financial statements.

The bank overdrafts are also jointly and severally guaranteed by a Director and a shareholder of the Company.

(c) Term loans of the Group and of the Company are secured by the following:

- (i) Leasehold land and building under property, plant and equipment of the Group, as disclosed in Note 14 to the financial statements, and assignment of a subsidiary's contract proceeds;
- (ii) Leasehold land held for property development of the Group as disclosed in Note 21 to the financial statements;
- (iii) Property development costs of the Group as disclosed in Note 21 to the financial statements;
- (iv) Fixed deposits as disclosed in Note 26 to the financial statements;
- (v) Assignment of HDA Account of the property development projects at Mukim of Ulu Kelang, Selangor and Mukim Tebrau, Johor (sales proceeds inclusive of profit from sales of the projects);
- (vi) Assignment of future rental income that is derived from investment properties of the Group.

**NOTES TO THE
FINANCIAL STATEMENTS**
31 DECEMBER 2018 (CONT'D)

29. BORROWINGS (continued)

- (d) Revolving credits of the Group are secured by fixed deposits as disclosed in Note 26 to the financial statements and are jointly and severally guaranteed by a Director and a shareholder of the Company.
- (e) The repayment terms for the term loans are as follows:

	2018 RM	2017 RM
Group		
Term loan I is repayable based on redemption structure set by a financial institution	14,556,649	24,818,072
Term loan II is repayable by sixty (60) equal monthly instalments of RM421,957 each commencing May 2015	-	11,444,434
Term loan III is repayable by fifty-five (55) equal monthly instalments of RM865,700 each commencing April 2016	17,709,452	26,358,773
Term loan IV is repayable by sixty (60) equal monthly instalments of RM77,238 each commencing October 2016	2,343,781	3,123,663
Term loan V is repayable by seventy two (72) equal monthly instalments of RM17,485 each commencing June 2018	934,640	1,000,000
	35,544,522	66,744,942

	2018 RM	Group 2017 RM
Repayable as follows:		
- within one (1) year	10,360,183	38,631,390
- later than one (1) year and not later than five (5) years	25,089,147	27,840,513
- later than five (5) years	95,192	273,039
	35,544,522	66,744,942

- (f) The interest rate profile of the borrowings as at the end of each reporting period are as follows:

	2018 RM	Group 2017 RM
Fixed rate	5,217,913	1,475,096
Floating rate	200,489,082	186,684,446
	205,706,995	188,159,542

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

29. BORROWINGS (continued)

- (f) The interest rate profile of the borrowings as at the end of each reporting period are as follows: (continued)

Sensitivity analysis for fixed rate borrowings as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates. Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Effects of 100 basis points changes to profit after tax				
- Increase by 1% (2017: 1%)	(1,523,717)	(1,418,802)	-	-
- Decrease by 1% (2017: 1%)	1,523,717	1,418,802	-	-

- (g) The weighted average effective interest rates of the borrowings as at the end of each reporting period are as follows:

	Group	
	2018 %	2017 %
Term loans	6.87	8.16
Revolving credits	6.77	6.53
Hire-purchase creditors	5.73	5.88
Bank overdrafts	8.05	8.04

- (h) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values, are as follows:

Group	2018		2017	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Term loans	35,544,522	35,544,523	66,744,942	66,744,942
Revolving credits	2,000,000	2,000,000	4,000,000	4,000,000
Hire-purchase creditors	5,217,913	5,076,855	1,475,096	1,452,169
Bank overdrafts	162,944,560	162,944,560	115,939,504	115,939,504
	205,706,995	205,565,938	188,159,542	188,136,615

The carrying amounts of terms loans, revolving credits and bank overdrafts are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

29. BORROWINGS (continued)

- (h) Financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximation of fair values, are as follows: (continued)

The fair values of hire-purchase creditors are estimated by discounting expected future cash flows at market incremental lending rate for similar type of lending, borrowings or leasing arrangements at the end of each reporting period.

The fair value of borrowings is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (i) Borrowings are denominated in Ringgit Malaysia.
- (j) The table below summarises the maturity profile of the borrowings as at the end of each reporting period based on contractual undiscounted repayment obligations:

Group 2018	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Term loans	11,526,840	25,554,333	96,673	37,177,846
Revolving credits	2,000,000	-	-	2,000,000
Hire-purchase creditors	1,709,480	3,858,233	147,322	5,715,035
Bank overdrafts	162,944,560	-	-	162,944,560
Total undiscounted financial liabilities	178,180,880	29,412,566	243,995	207,837,441
2017				
Term loans	41,352,319	29,874,286	287,040	71,513,645
Revolving credits	4,000,000	-	-	4,000,000
Hire-purchase creditors	465,368	980,517	212,913	1,658,798
Bank overdrafts	115,939,504	-	-	115,939,504
Total undiscounted financial liabilities	161,757,191	30,854,803	499,953	193,111,947

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31 DECEMBER 2018 (CONT'D)

30. HIRE-PURCHASE CREDITORS

	2018 RM	Group 2017 RM
Minimum hire-purchase payments:		
- not later than one (1) year	1,709,480	465,368
- later than one (1) year and not later than five (5) years	3,858,233	980,517
- later than five (5) years	147,322	212,913
Total minimum hire-purchase payments	5,715,035	1,658,798
Less: Future interest charges	(497,122)	(183,702)
Present value of hire-purchase payments	5,217,913	1,475,096
Repayable as follows:		
Current liabilities		
- not later than one (1) year	1,482,324	405,754
Non-current liabilities		
- later than one (1) year and not later than five (5) years	3,595,894	872,167
- later than five (5) years	139,695	197,175
	3,735,589	1,069,342
	5,217,913	1,475,096

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables				
Third parties	53,159,743	24,045,181	-	-
Related parties	-	130,000	-	-
Retention sums	52,075,020	50,289,100	-	-
	105,234,763	74,464,281	-	-

31. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other payables				
Other payables	15,236,334	30,671,209	292,130	458,753
Amounts owing to related parties	5,100,216	7,100,216	-	-
Accruals	548,239,226	297,394,031	118,588	73,824
Deposits	356,475	374,445	-	-
Amounts owing to corporate shareholders of a subsidiary	-	184,416	-	-
Amounts owing to Directors	-	2,619,600	-	-
Amount owing to a subsidiary	-	-	99,267,902	1,818,043
	568,932,251	338,343,917	99,678,620	2,350,620
	674,167,014	412,808,198	99,678,620	2,350,620

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 90 days (2017: 14 to 90 days). Other credit term are assessed and approved by the suppliers on a case by case basis.
- (c) In previous financial year, included in other payables of the Group was an amount owing to a former Director of a subsidiary and his close family member amounting to RM3,761,000 that bore interest at rate of 8% per annum.
- (d) Amounts owing to related parties (non-trade) represent advances and payments made on behalf, which are unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents.
- (e) In the previous financial year, amounts owing to corporate shareholders of a subsidiary represented advances and payments made on behalf, which bore interest of 8% per annum, unsecured and payable on demand in cash and cash equivalents.
- (f) In the previous financial year, amounts owing to Directors represent advances and payments made on behalf, which are unsecured, interest-free and payable within next twelve month in cash and cash equivalents.
- (g) Amount owing to a subsidiary represents advances and payments made on behalf, which are unsecured, interest-free and payable within next twelve month in cash and cash equivalents.
- (h) Trade and other payables are denominated in Ringgit Malaysia.
- (i) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations are repayable on demand or within one (1) year.
- (j) Sensitivity analysis for fixed rate profile of other payables at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

32. COMMITMENTS

(a) Operating lease commitments

(i) The Group and the Company as lessee

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

The Group and the Company have aggregated future commitments as at the end of each reporting period as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Not later than one (1) year	3,470,533	2,711,414	72,250	102,000
Later than one (1) year and not later than five (5) years	1,429,744	777,678	-	72,250
	4,900,277	3,489,092	72,250	174,250

(ii) The Group as lessor

The Group has entered into a non-cancellable lease arrangement for the rental of investment properties and plant and machinery for a term of five (5) years and two (2) years respectively.

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

	Group	
	2018 RM	2017 RM
Not later than one (1) year	11,364,176	11,588,016
Later than one (1) year and not later than five (5) years	14,192,520	26,183,936
	25,556,696	37,771,952

(b) Capital commitments

	Group	
	2018 RM	2017 RM
Contracted but not provided for		
- Freehold land held under development	21,250,000	42,250,000

33. CONTINGENT LIABILITIES

(a) Guarantees

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	-	-	323,783,270	336,172,144
Corporate guarantees given to suppliers in respect of goods supplied to its wholly-owned subsidiaries	-	-	109,611,030	92,559,780
Bank guarantees given by financial institutions in respect of construction and property projects	200,387,965	180,725,752	5,178,532	5,178,532
	200,387,965	180,725,752	438,572,832	433,910,456

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

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

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 16 to the financial statements;
- (ii) Associates and joint ventures as disclosed in Notes 17 and 18 to the financial statements;
- (iii) Key management personnel, which comprises persons (including the Directors of the Group) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
- (iv) Companies in which the Directors/shareholders of the Company or their close family members have substantial financial interests or significant influence.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

34. RELATED PARTY DISCLOSURES (continued)

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Subsidiaries:				
Gross dividend income	-	-	60,890,000	10,000,000
Interest paid/payable	-	-	180,389	52,048
Interest received/receivable	-	-	4,017,603	5,302,009
Rental paid/payable	-	-	115,920	115,920
Management fee paid/payable	-	-	1,190,218	781,585
Related parties:				
Gross dividend income	-	-	600,000	-
Rental of office premises paid/payable	-	85,998	-	-
Rental of investment properties received/receivable	11,354,016	11,354,016	-	-

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

Information regarding outstanding balances with related parties at the end of the financial year are disclosed in Notes 22 and 31 to the financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors during the financial year are as follows:

	Group	
	2018 RM	2017 RM
Short term employee benefits	7,631,163	3,901,726
Contributions to defined contribution plan	928,985	450,419
	8,560,148	4,352,145

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

35.1 New MFRSs adopted during the current financial year

The Group and the Company being transitioning entities as defined by the Malaysian Accounting Standards Board ("MASB"), has applied the MFRS Framework during the financial year ended 31 December 2018. Accordingly, these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

In adopting the new MFRS Framework, the Group applied the transition requirements in MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*. In addition to the adoption of the new MFRS Framework, the following new MFRSs and Amendments to the MFRSs issued by MASB were adopted by the Group during the financial year:

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

35.2 Explanation of transition to MFRSs

The Group adjusted amounts previously reported in the financial statements that were prepared in accordance with the previous FRS Framework. In preparing the opening statements of financial position at 1 January 2017, an explanation on the impact arising from the transition from FRSs to MFRSs on the financial position and financial performance of the Group and of the Company are set out as follows:

- (a) Reconciliation of financial position and equity of the Group

Group	Previously reported under FRSs RM	Effects of MFRS 15 RM	Effects of MFRS 9 RM	Restated under MFRSs RM
1 January 2017				
Non-current assets				
Property, plant and equipment	43,582,892	-	-	43,582,892
Land held for property development	60,438,655	(60,438,655)	-	-
Investment properties	37,782,012	-	-	37,782,012
Investment in an associate	3,526,410	-	-	3,526,410
Investments in a joint venture	224,996	-	-	224,996
Deferred tax assets	3,223,170	-	-	3,223,170
	148,778,135	(60,438,655)	-	88,339,480

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of financial position and equity of the Group (continued)

Group	Previously reported under FRSSs RM	Effects of MFRS 15 RM	Effects of MFRS 9 RM	Restated under MFRSs RM
1 January 2017				
Current assets				
Property development costs	244,973,146	(244,973,146)	-	-
Inventories	25,116,175	338,570,058	-	363,686,233
Trade and other receivables	522,376,389	(178,724,167)	(66,870,539)	276,781,683
Contract assets	-	165,761,217	(511,646)	165,249,571
Other investment	2,511,775	-	-	2,511,775
Current tax assets	335,080	-	-	335,080
Short term funds	951,587	-	-	951,587
Cash and bank balances	31,980,361	-	-	31,980,361
	828,244,513	80,633,962	(67,382,185)	841,496,290
Total assets	977,022,648	20,195,307	(67,382,185)	929,835,770
Equity				
Share capital	97,730,000	-	-	97,730,000
Reserves	246,001,039	(28,854,725)	(63,185,551)	153,960,763
	343,731,039	(28,854,725)	(63,185,551)	251,690,763
Non-controlling interests	6,893,462	-	(2,976,928)	3,916,534
Total equity	350,624,501	(28,854,725)	(66,162,479)	255,607,297
Non-current liabilities				
Borrowings	72,525,745	-	-	72,525,745
Deferred tax liabilities	2,932,213	-	(1,219,706)	1,712,507
	75,457,958	-	(1,219,706)	74,238,252
Current liabilities				
Trade and other payables	342,243,062	(48,473,800)	-	293,769,262
Contract liabilities	-	97,523,832	-	97,523,832
Borrowings	195,889,567	-	-	195,889,567
Current tax liabilities	12,807,560	-	-	12,807,560
	550,940,189	49,050,032	-	599,990,221
Total liabilities	626,398,147	49,050,032	(1,219,706)	674,228,473
Total equity and liabilities	977,022,648	20,195,307	(67,382,185)	929,835,770

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of financial position and equity of the Group (continued)

Group	Previously reported under FRSS RM	Effects of MFRS 15 RM	Effects of MFRS 9 RM	Restated under MFRSs RM
31 December 2017				
Non-current assets				
Property, plant and equipment	32,253,103	-	-	32,253,103
Land held for property development	37,931,203	(37,931,203)	-	-
Investment properties	33,701,258	-	-	33,701,258
Investment in a joint venture	378,110	-	-	378,110
Investment in an associate	3,387,026	-	-	3,387,026
Deferred tax assets	2,938,048	-	-	2,938,048
Intangible assets	29,783,152	-	-	29,783,152
	140,371,900	(37,931,203)	-	102,440,697
Current assets				
Property development costs	193,140,221	(193,140,221)	-	-
Inventories	31,633,677	261,707,122	-	293,340,799
Trade and other receivables	616,875,875	(382,560,313)	(42,685,684)	191,629,878
Contract assets	-	355,733,044	(679,237)	355,053,807
Other investment	8,122,815	-	-	8,122,815
Current tax assets	921,802	-	-	921,802
Short term funds	86,053,973	-	-	86,053,973
Cash and bank balances	50,337,485	-	-	50,337,485
	987,085,848	41,739,632	(43,364,921)	985,460,559
Total assets	1,127,457,748	3,808,429	(43,364,921)	1,087,901,256

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(a) Reconciliation of financial position and equity of the Group (continued)

Group	Previously reported under FRSS RM	Effects of MFRS 15 RM	Effects of MFRS 9 RM	Restated under MFRSs RM
31 December 2017				
Equity				
Share capital	267,080,518	-	-	267,080,518
Reserves	199,614,812	(30,294,317)	(42,742,203)	126,578,292
	466,695,330	(30,294,317)	(42,742,203)	393,658,810
Non-controlling interests	8,454,099	-	(375,141)	8,078,958
Total equity	475,149,429	(30,294,317)	(43,117,344)	401,737,768
Non-current liabilities				
Borrowings	29,182,894	-	-	29,182,894
Deferred tax liabilities	373,120	-	(247,577)	125,543
	29,556,014	-	(247,577)	29,308,437
Current liabilities				
Trade and other payables	430,773,371	(17,965,173)	-	412,808,198
Contract liabilities	-	52,067,919	-	52,067,919
Borrowings	158,976,648	-	-	158,976,648
Current tax liabilities	33,002,286	-	-	33,002,286
	622,752,305	34,102,746	-	656,855,051
Total liabilities	652,308,319	34,102,746	(247,577)	686,163,488
Total equity and liabilities	1,127,457,748	3,808,429	(43,364,921)	1,087,901,256

**NOTES TO THE
FINANCIAL STATEMENTS**
31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(b) Reconciliation of profit or loss of the Group

Group	Previously reported under FRSS RM	Effects of MFRS 15 RM	Effects of MFRS 9 RM	Restated under MFRSs RM
31 December 2017				
Revenue	469,468,051	(7,163,456)	-	462,304,595
Cost of sales	(325,678,695)	5,723,864	-	(319,954,831)
Gross profit	143,789,356	(1,439,592)	-	142,349,764
Other income	4,948,211	-	24,922,015	29,870,226
Operating costs	(54,977,657)	-	(904,751)	(55,882,408)
Finance costs	(12,572,879)	-	-	(12,572,879)
Share of loss of an associate, net of tax	(119,784)	-	-	(119,784)
Share of profit of a joint venture, net of tax	153,114	-	-	153,114
Profit before tax	81,220,361	(1,439,592)	24,017,264	103,798,033
Tax expense	(31,624,975)	-	(972,129)	(32,597,104)
Profit for the financial year	49,595,386	(1,439,592)	23,045,135	71,200,929
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income, net of tax	49,595,386	(1,439,592)	23,045,135	71,200,929
Attributable to :				
Owners of the parent	48,034,749	(1,439,592)	20,443,348	67,038,505
Non-controlling interests	1,560,637	-	2,601,787	4,162,424
	49,595,386	(1,439,592)	23,045,135	71,200,929
Earnings per ordinary share attributable to equity holders of the Company:				
Basic earnings per ordinary share (sen)	11.74			16.39
Diluted earnings per ordinary share (sen)	8.77			12.24

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(c) Reconciliation of financial position and equity of the Company

Company	Previously reported under FRSS RM	Effects of MFRS 9 RM	Restated under MFRSs RM
1 January 2017			
Non-current assets			
Investment in subsidiaries	78,259,637	-	78,259,637
Investments in a joint venture	255,000	-	255,000
	78,514,637	-	78,514,637
Current assets			
Trade and other receivables	181,886,872	(1,330,570)	180,556,302
Short term funds	844,425	-	844,425
Cash and bank balances	1,621,149	-	1,621,149
	184,352,446	(1,330,570)	183,021,876
Total assets	262,867,083	(1,330,570)	261,536,513
Equity			
Share capital	97,730,000	-	97,730,000
Reserves	120,670,769	(1,330,570)	119,340,199
Total equity	218,400,769	(1,330,570)	217,070,199
Current liabilities			
Trade and other payables	8,235,552	-	8,235,552
Borrowings	36,230,762	-	36,230,762
Total liabilities	44,466,314	-	44,466,314
Total equity and liabilities	262,867,083	-	261,536,513

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(c) Reconciliation of financial position and equity of the Company (continued)

Company	Previously reported under FRSS RM	Effects of MFRS 9 RM	Restated under MFRSs RM
31 December 2017			
Non-current assets			
Investment in subsidiaries	115,196,747	-	115,196,747
Investments in a joint venture	255,000	-	255,000
	115,451,747	-	115,451,747
Current assets			
Trade and other receivables	102,640,706	(747,578)	101,893,128
Short term funds	85,943,076	-	85,943,076
Cash and bank balances	1,103,592	-	1,103,592
	189,687,374	(747,578)	188,939,796
Total assets	305,139,121	(747,578)	304,391,543
Equity			
Share capital	267,080,518	-	267,080,518
Reserves	35,247,065	(747,578)	34,499,487
Total equity	302,327,583	(747,578)	301,580,005
Current liabilities			
Trade and other payables	2,350,620	-	2,350,620
Current tax liabilities	460,918	-	460,918
Total liabilities	2,811,538	-	2,811,538
Total equity and liabilities	305,139,121	(747,578)	304,391,543

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

(d) Reconciliation of profit or loss of the Company

Company	Previously reported under FRSs RM	Effects of MFRS 9 RM	Restated under MFRSs RM
31 December 2017			
Revenue	10,000,000	-	10,000,000
Cost of sales	-	-	-
Gross profit	10,000,000	-	10,000,000
Other income	5,571,361	582,992	6,154,353
Operating costs	(4,443,986)	-	(4,443,986)
Finance costs	(1,669,185)	-	(1,669,185)
Profit before tax	9,458,190	582,992	10,041,182
Tax expense	(460,918)	-	(460,918)
Profit for the financial year	8,997,272	582,992	9,580,264
Other comprehensive income, net of tax	-	-	-
Total comprehensive income, net of tax	8,997,272	582,992	9,580,264
Attributable to :			
Owners of the parent	8,997,272	582,992	9,580,264
Non-controlling interests	-	-	-
	8,997,272	582,992	9,580,264

Notes to the reconciliations

(i) Transition from FRS Framework to MFRS Framework

The Group elected to apply MFRS 3 *Business Combinations* prospectively from the date FRS 3 *Business Combinations* was adopted and to deem the carrying amount of investment in each subsidiary, joint venture and associate to be the cost of the investment in the separate financial statements as at the date of transition to MFRSs.

The Group elected to apply the optional exemption in respect of the requirements of MFRS 123 from the date of transition or from an earlier date as permitted by paragraph 28 of MFRS 123. From the date on which the Group begins to apply this exemption from MFRS 123, the Group:

- shall not restate the borrowing cost component that was capitalised under previous generally accepted accounting principles and that was included in the carrying amount of assets at that date; and
- shall account for borrowing costs incurred on or after that date in accordance with MFRS 123, including those borrowing costs incurred on or after that date on qualifying assets already under construction.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(ii) Adoption of MFRS 15

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

In applying MFRS 15 retrospectively, the Group applied the following practical expedients:

- (a) For completed contracts, contracts that begin and end within the same annual reporting period were not restated;
- (b) For completed contracts that have variable consideration, rather than estimating variable consideration amounts in the comparative reporting periods, transaction price at the date the contract was completed was used; and
- (c) For all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised need not be disclosed.

The MFRS 15 adjustments are mainly due to:

- (a) Changes to the timing of revenue recognition for construction and property development activities;
- (b) Reclassification of excess of revenue earned over the billings on construction and property development contracts to contract assets;
- (c) Reclassification of excess of billings over revenue earned on construction and property development contracts, deferred income and customers deposit to contract liabilities; and
- (d) Reclassification of land held for property development and property development costs to inventories.

(iii) Adoption of MFRS 9

MFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 *Financial Instruments: Recognition and Measurement*.

(a) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- (i) Those to be measured at amortised cost; and
- (ii) Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(iii) Adoption of MFRS 9 (continued)

(a) Classification of financial assets and financial liabilities (continued)

The following summarises the key changes:

- (i) The Available-For-Sale ("AFS"), Held-To-Maturity ("HTM") and Loans and Receivables ("L&R") financial asset categories were removed.
- (ii) A new financial asset category measured at Amortised Cost ("AC") was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- (iii) A new financial asset category measured at Fair Value Through Other Comprehensive Income ("FVTOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- (iv) A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- (i) Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- (ii) The remaining amount of change in the fair value is presented in profit or loss.

(b) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.2 Explanation of transition to MFRSs (continued)

Notes to the reconciliations (continued)

(iii) Adoption of MFRS 9 (continued)

(b) Impairment of financial assets (continued)

Impairment for receivables from related parties are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(c) The MFRS 9 adjustments are mainly due to:

(i) Reclassification of the financial assets and financial liabilities as follows:

	Classification	
	Existing under MFRS 139	New under MFRS 9
Group		
Financial assets		
Other investments	FVTPL	FVTPL
Trade and other receivables	L&R	AC
Short term funds	FVTPL	FVTPL
Cash and bank balances	L&R	AC
<hr/>		
Financial liabilities		
Trade and other payables	OFL*	AC
Borrowings	OFL*	AC
<hr/>		

* *Other Financial Liabilities at Amortised Cost*

(ii) Additional credit losses to be recognised on trade and other receivables and contract assets.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018 (CONT'D)

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

35.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these standards, since the effects would only be observable for future financial years.

36. FINANCIAL REPORTING UPDATES

36.1 IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23)

The IFRS Interpretations Committee ('IFRIC') received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 *Borrowing Costs* and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

- i. Any receivable and contract asset that the entity recognises is not a qualifying asset.
- ii. Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

36. FINANCIAL REPORTING UPDATES (continued)

36.1 IFRIC Agenda Decision - Over time transfer of constructed good (IAS 23) (continued)

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 31 December 2021.

LIST OF PROPERTIES

Land Title Details/ Location	Built-up Area (sq. ft.)	Land Area (hectares)	Description/ Existing Use	Tenure/Age of Property	Date of issuance of Certificates of Fitness for Occupation	Audited Net Carrying Amount as at 31.12.2018
Geran 162711/M1/2/4, Lot 70891 2-1A Jalan Q 31/Q, Kota Kemuning 40460 Seksyen 31 Shah Alam, Selangor Darul Ehsan	1,539		1 unit on the 1 st floor of a 4-storey shophot/ Vacant	Freehold/ Approximately 10 years	02.03.2000	123,282
H.S.(D) 247091, P.T No. 10900 G-58-G to G-58-3, Block G Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	10,519		1 unit of a 4-storey shophot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 7 years	11.03.2008	4,620,285
H.S.(D) 247092, P.T No. 10901 G-59-G to G-59-3, Block G Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	6,644		1 unit of a 4-storey shophot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 7 years	11.03.2008	2,877,337
H.S.(D) 247071, P.T No. 10880 D-39-G and D-39-1, Block D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	3,248		1 unit of a 2-storey shophot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 7 years	11.03.2008	1,639,452

LIST OF PROPERTIES

(CONT'D)

Land Title Details/ Location	Built-up Area (sq. ft.)	Land Area (hectares)	Description/ Existing Use	Tenure/Age of Property	Date of issuance of Certificates of Fitness for Occupation	Audited Net Carrying Amount as at 31.12.2018
H.S.(D) 247072, P.T No. 10881 D-40-G and D-40-1, Block D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	3,248		1 unit of a 2-storey shoplot	Leasehold 99 years expiring on 03.09.2107)/ Approximately 7 years	11.03.2008	1,718,124
H.S.(D) 247065, P.T No. 10874 D-33-G to D-33-2, Block D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan	10,945		1 unit of a 3-storey shoplot	Leasehold (99 years expiring on 03.09.2107)/ Approximately 7 years	11.03.2008	4,303,374
PN 21843 Lot No: 130801 No. B6, Jalan KS 1/13, KotaSAS Avenue, Kota Sultan Ahmad Shah, 25200 Kuantan, Pahang.	1,650		1 Unit of a 2-storey shop office	Leasehold		790,020
H.S.(D) 37545 Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan		7.70	Land held for development	99 years leasehold tenure expiring on 19.10.2093		35,300,068

STATISTICS OF SHAREHOLDINGS

AS AT 1 APRIL 2019 (AS PER RECORD OF DEPOSITORS)

The total number of issued shares of the Company stands at 494,594,005 ordinary shares, with voting right of one vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Shares Held	% of Issued Shares
Less than 100	239	9.58	8,215	0.00
100 to 1,000	297	11.90	96,386	0.02
1,001 to 10,000	998	40.00	3,814,447	0.78
10,001 to 100,000	680	27.25	18,253,790	3.73
100,001 to less than 5% of issued shares	280	11.22	439,459,604	89.73
5% and above of issued shares	1	0.04	28,145,319	5.75
Total	2,495	100.00	489,777,761	100.00

Note:-

* Negligible

SUBSTANTIAL SHAREHOLDERS

according to the Register of Substantial Shareholders as at 1 April 2019

No.	Name	Direct Interest		Deemed Interest	
		No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
1.	Dato' Azizan bin Jaafar	1,879,146	0.38	53,602,938 ⁽¹⁾	10.94 ⁽¹⁾
2.	Dato' Ow Chee Cheoon	33,966,774	6.93	-	-
4.	Ganjaran Gembira Sdn Bhd	53,602,938	10.94	-	-
5.	Brahmal Vasudevan	-	-	29,070,000	5.93
6.	Ng Kit Heng	27,845,319	5.68	-	-
7.	Kumpulan Wang Persaraan (Diperbadankan)	-	-	29,992,044	6.12

Notes:-

⁽¹⁾ Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

STATISTICS OF SHAREHOLDINGS

AS AT 1 APRIL 2019 (AS PER RECORD OF DEPOSITORS) (CONT'D)

DIRECTORS' DIRECT AND DEEMED INTERESTS

in the Company and/or its Related Corporations as at 1 April 2019

Size of Holdings	Direct Interest		Deemed Interest	
	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Y.M. Tunku Alizan bin Raja Muhammad Alias	300,492	0.06	-	-
Datuk Kamarudin bin Md. Ali	204,000	0.04	-	-
Dato' Azizan bin Jaafar	1,879,146	0.38	53,602,938 ⁽¹⁾	10.94
Dato' Ow Chee Cheoon	33,966,774	6.93	-	-
Ow Yin Yee	163,812	0.03	-	-
Loo Choo Hong	71,400	0.01	-	-
Muk Sai Tat	-	-	-	-

Notes:-

⁽¹⁾ Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

TOP 30 SECURITIES ACCOUNT HOLDERS

as per Record of Depositors as at 1 April 2019

No.	Name	No. of Issued Shares	% of Issued Shares
1.	Ng Kit Heng	28,145,319	5.75
2.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad - Kenanga Growth Fund</i>	22,502,934	4.59
3.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Ganjaran Gembira Sdn Bhd (PB)</i>	20,400,000	4.17
4.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for Credit Suisse (SG BR-TST-Asing)</i>	20,400,000	4.17
5.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>	19,265,658	3.93
6.	MayBank Nominees (Tempatan) Sdn Bhd <i>MTRUSTEE Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)(419455)</i>	16,207,290	3.31
7.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Ow Chee Cheoon (PBCL-0G0066)</i>	14,837,820	3.03
8.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)</i>	14,249,830	2.91
9.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)</i>	10,168,788	2.08
10.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Hong Leong Penny Stockfund</i>	9,792,000	2.00
11.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (AMUNDI)</i>	8,160,000	1.67
12.	MayBank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ow Chee Cheoon (Margin)</i>	7,650,000	1.56

STATISTICS OF SHAREHOLDINGS

AS AT 1 APRIL 2019 (AS PER RECORD OF DEPOSITORS) (CONT'D)

No.	Name	No. of Issued Shares	% of Issued Shares
13.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pang Sar</i>	7,191,000	1.47
14.	Ganjaran Gembira Sdn Bhd	6,936,000	1.42
15.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Ow Chee Cheoon (PB)</i>	6,661,739	1.36
16.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (CIMB PRIN)</i>	6,651,624	1.36
17.	Tan Yu Yeh	6,171,000	1.26
18.	Splendid Forte Sdn Bhd	6,003,618	1.23
19.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Terence Wong @ Huang Thar-Rearn</i>	6,000,000	1.23
20.	MayBank Nominees (Tempatan) Sdn Bhd <i>National Trust Fund (IFM Kenanga)</i>	5,968,908	1.22
21.	CIMB Islamic Nominees (Tempatan) Sdn Bhd <i>CIMB Islamic Trustee Berhad - Kenanga Syariah Growth Fund</i>	5,579,196	1.14
22.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>	5,525,340	1.13
23.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Pang Sar (MY3010)</i>	5,100,000	1.04
24.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund</i>	5,100,000	1.04
25.	Ng Chun Kooi	5,038,555	1.03
26.	CIMSEC Nominees (Asing) Sdn Bhd <i>CIMB for Alaka Holdings Ltd (PB)</i>	4,590,000	0.94
27.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Al-Ilham</i>	4,294,710	0.88
28.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for Bank Julius Baer & Co. Ltd (Singapore Bch)</i>	4,080,000	0.83
29.	RHB Nominees (Tempatan) Sdn Bhd <i>Tan Ah Loy @ Tan May Ling</i>	4,000,000	0.82
30.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)</i>	3,866,820	0.79
Total		290,538,149	59.32

STATISTICS OF WARRANT HOLDINGS

AS AT 1 APRIL 2019 (AS PER RECORD OF WARRANT HOLDERS)

Number of Outstanding Warrants B	:	119,394,669
Exercise Price per Warrant B	:	RM1.12
Expiry date of Warrants B	:	26 September 2023
Voting Rights	:	None unless warrant holders exercise their warrants for new ordinary shares

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	% of Holders	No. of Warrants Held	% of Issued Warrants
Less than 100	397	18.96	11,146	0.01
100 to 1,000	420	20.06	190,670	0.16
1,001 to 10,000	660	31.52	2,892,773	2.42
10,001 to 100,000	457	21.82	15,882,656	13.30
100,001 to less than 5% of issued warrants	159	7.59	85,417,424	71.54
5% and above of issued warrants	1	0.05	15,000,000	12.56
Total	2,094	100.00	119,394,669	100.00

Note:-

* Negligible

DIRECTORS' WARRANT HOLDINGS as at 1 April 2019

No.	Name	Direct Interest		Deemed Interest	
		No. of Issued Warrants	% of Issued Warrants	No. of Issued Warrants	% of Issued Warrants
	Y.M. Tunku Alizan bin Raja Muhammad Alias	173,650	0.15	-	-
	Datuk Kamarudin bin Md. Ali	202,800	0.17	-	-
	Dato' Azizan bin Jaafar	460,575	0.39	13,137,975 ⁽¹⁾	11.00 ⁽¹⁾
	Dato' Ow Chee Cheoon	8,325,190	6.97	-	-
	Ow Yin Yee	40,150	0.03	-	-
	Loo Choo Hong	17,500	0.01	-	-
	Muk Sai Tat	-	-	-	-

Notes:-

⁽¹⁾ Deemed interested by virtue of his shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

STATISTICS OF WARRANT HOLDINGS

AS AT 1 APRIL 2019 (AS PER RECORD OF WARRANT HOLDERS) (CONT'D)

TOP 30 WARRANT HOLDERS

as per Record of Warrant Holders as at 1 April 2019

No.	Name	No. of Issued Warrants	% of Issued Warrants
1.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt an for Credit Suisse (SG BR-TST-Asing)</i>	15,000,000	12.56
2.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Ganjaran Gembira Sdn Bhd (PB)</i>	5,000,000	4.19
3.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>	4,721,975	3.95
4.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Ow Chee Cheoon (PBCL-0G0066)</i>	4,299,584	3.60
5.	Tan Yu Yeh	2,860,000	2.40
6.	How Lin Hong	2,271,200	1.90
7.	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)</i>	2,235,575	1.87
8.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Cha Weay Chia (MY2307)</i>	2,018,000	1.69
9.	MayBank Securities Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ow Chee Cheoon (Margin)</i>	1,875,000	1.57
10.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pang Sar</i>	1,762,500	1.48
11.	Ganjaran Gembira Sdn Bhd	1,700,000	1.42
12.	Ng Chun Kooi	1,618,740	1.36
13.	Splendid Forte Sdn Bhd	1,471,475	1.23
14.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Low Chee Yen</i>	1,400,000	1.17
15.	RHB Nominees (Tempatan) Sdn Bhd <i>How Kim Lian</i>	1,360,000	1.14
16.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ganjaran Gembira Sdn Bhd</i>	1,354,250	1.13
17.	Tee See Kim	1,323,000	1.11
18.	Mohd Azman bin Yaacob	1,300,000	1.09
19.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (LBF)</i>	1,263,250	1.06
20.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Pang Sar (MY3010)</i>	1,250,000	1.05
21.	Lee Hock Chin	1,138,200	0.95
22.	CitiGroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (LPF)</i>	1,096,625	0.92
23.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Al-Ilham</i>	1,052,625	0.88

STATISTICS OF WARRANT HOLDINGS

AS AT 1 APRIL 2019 (AS PER RECORD OF WARRANT HOLDERS) (CONT'D)

No.	Name	No. of Issued Warrants	% of Issued Warrants
24.	Ng Kit Heng	1,017,500	0.85
25.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Ow Chee Cheoon (PB)</i>	969,916	0.81
26.	MayBank Nominees (Tempatan) Sdn Bhd <i>Tan Yoke Chun</i>	950,100	0.80
27.	Khoo Guek Yim	900,000	0.75
28.	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ow Chee Cheoon (OWC0008M)</i>	883,750	0.74
29.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd for Oo Phaik See</i>	856,000	0.72
30.	MayBank Nominees (Tempatan) Sdn Bhd <i>Pang Kian Wee</i>	798,700	0.67
Total		65,747,965	55.07

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

The following information is provided in accordance with Paragraph 9.25 of the MMLR as set out in Appendix 9C thereto.

1. Utilisation of Proceeds Raised from Corporate Proposals

The Company did not undertake any corporate proposals during the financial year.

2. Recurrent Related Party Transactions of a Revenue or Trading Nature

There were no material recurrent related party transactions of a revenue or trading nature during the financial year other than those disclosed in Note 34 to the financial statements. Those recurrent related party transactions did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

3. Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors and a firm affiliated to the external auditors' firm by the Group and the Company for the financial year ended December 2018 are as follows:

	Group RM	Company RM
Audit Fees	276,000	63,000
Non-audit fees	48,500	48,500
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TOTAL	324,500	111,500
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4. Material Contracts Involving Directors' and Major Shareholders' Interests

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting as at the end of the financial year or entered into since the end of the previous financial year.

NOTICE OF NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of Gabungan AQRS Berhad (912527-A) (“Company”) will be held at The Function Room, Level 3, Gabungan AQRS Berhad Headquarters, G-58-3, Block G, Jalan Teknologi 3/9, Bistari ‘De’ Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 13 June 2019 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 2)**
2. To re-elect the following Directors who retire by rotation in accordance with Article 95 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
 - (i) Dato’ Ow Chee Cheoon **Ordinary Resolution 1**
 - (ii) Mr Muk Sai Tat **Ordinary Resolution 2**
3. To re-appoint BDO PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration. **Ordinary Resolution 3**
4. To approve the following payments to the Non-Executive Directors:-
 - (i) Directors’ fees of up to RM468,000 for the financial year ending 31 December 2019. **Ordinary Resolution 4**
 - (ii) Directors’ benefits (excluding Directors’ fees) up to an amount of RM32,000 from 14 June 2019 until the next Annual General meeting of the Company in year 2020. **Ordinary Resolution 5**

Special Business

To consider and if thought fit, with or without modifications, to pass the following Ordinary and Special Resolutions:-

5. **Ordinary Resolution Authority to Issue and Allot Shares pursuant to the Companies Act 2016** **Ordinary Resolution 6**

“**THAT** subject always to the Companies Act 2016, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised and empowered pursuant to the Companies Act 2016, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors of the Company may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being **AND THAT** such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad **AND** be hereby authorised to do all such acts and things including executing all relevant documents as they may consider expedient or necessary to complete and give full effect to the abovesaid mandate.”

NOTICE OF NINTH ANNUAL GENERAL MEETING

(CONT'D)

6. Ordinary Resolution Proposed Renewal of Authority for Share Buy-Back

Ordinary Resolution 7

“THAT, subject to the Companies Act 2016 (**“Act”**), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**“Bursa Securities”**) and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem and expedient in the interest of the Company, provided that:-

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements of the Company (where applicable) available at the time of the purchase(s).

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

- (i) cancel all or part of the shares so purchased; and/or
- (ii) retain all the shares so purchased as treasury shares; and/or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; and/or
- (iv) distribute the treasury shares as share dividends to the shareholders of the Company; and/or
- (v) resell the treasury shares on the market of Bursa Securities in accordance with the relevant rules of Bursa Securities; and/or
- (vi) transfer the treasury shares as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (**“AGM”**) of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

NOTICE OF NINTH ANNUAL GENERAL MEETING

(CONT'D)

- (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;-

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

7. Proposed adoption of new Constitution of the Company

Special Resolution

"THAT approval be and is hereby given to the Company to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix A despatched together with the Company's Annual Report 2018, be and is hereby adopted as the Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

8. To transact any other ordinary business for which due notice has been given.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this Ninth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 68(ii) of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors ("ROD") as at 10 June 2019. Only a depositor whose name appears on the **ROD** as at 10 June 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

BY ORDER OF THE BOARD

OOI LI ANN (MAICSA 7065065)
CHUA SIEW CHUAN (MAICSA 0777689)
TAN LEY THENG (MAICSA 7030358)
Joint Company Secretaries

Selangor Darul Ehsan
30 April 2019

NOTICE OF NINTH ANNUAL GENERAL MEETING

(CONT'D)

1. Proxy

- (1) A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
- (2) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.
- (3) A member of the Company may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (4) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (5) Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (6) Where the authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (7) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority shall be deposited at the Registered Office of the Company at G-58-1, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

2. Audited Financial Statements for the financial year ended 31 December 2018

The Audited Financial Statements in agenda 1 are meant for discussion purpose only, as the approval of the shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this agenda is not put forward for voting by shareholders.

3. Re-election of Directors

Article 95 of the Constitution of the Company provides that one-third (1/3) of the Directors of the Company for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire by rotation at an AGM of the Company. The shareholders' approval is sought under **Ordinary Resolutions 1 and 2**.

For the purpose of determining the eligibility of the Directors to stand for re-election at the Ninth AGM, the Nomination Committee has considered the requirements under Paragraph 2.20A of the Main Market Listing Requirements ("**Main LR**") of Bursa Securities and recommended Dato' Ow Chee Cheoon and Mr Muk Sai Tat for re-election as Directors pursuant to Article 95 of the Company's Constitution.

These retiring Directors have consented to their re-election, and abstained from deliberations and voting in relation to their individual re-election at the relevant Nomination Committee and Board Meetings, where applicable. The profiles of the retiring Directors are set out in the Directors' Profile of this Annual Report.

NOTICE OF NINTH ANNUAL GENERAL MEETING

(CONT'D)

4. **Re-Appointment of Auditors**

The Board has at its meeting held on 28 February 2019 approved the recommendation by the Audit Committee on the re-appointment of BDO PLT as Auditors of the Company, having considered several factors including the adequacy of experience and resources of the firm and the professional staff assigned to the audit. The shareholders' approval is sought under **Ordinary Resolution 3**.

5. **Payment of Directors' Fees and Benefits**

The Company pays Directors' fees and benefits to the Independent Non-Executive Directors. The Executive Directors do not receive any fees and benefits as Directors but they are remunerated with salary, benefits and other emoluments by virtue of their contract of service or employment which do not require approval by the shareholders.

In this respect, the Board wishes to seek shareholders' approval at the Ninth AGM on the two (2) separate resolutions as below:-

(i) **Ordinary Resolution 4** on payment of Directors' fees up to an amount of RM468,000 for the financial year ending 31 December 2019.

This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed is insufficient due to enlarged Board size, approval will be sought at the next AGM for additional fees to meet the shortfall.

(ii) **Ordinary Resolution 5** on payment of Directors' benefits (excluding Directors' fees) up to an amount of RM32,000 from 14 June 2019 until the next AGM of the Company in 2020 ("**Period**"). The Directors' benefits payable for the Period comprise the meeting allowance payable to the Non-Executive Directors for attendance of Board meetings, whenever meetings are called during the Period.

6. **Explanatory Notes on Special Business**

Ordinary Resolution 6 - Authority to issue and allot shares pursuant to the Companies Act 2016

The **Ordinary Resolution 6** is for the purpose of seeking a renewal of the general mandate given to the Directors of the Company to issue and allot shares as approved by the shareholders at the Eighth AGM of the Company ("**Previous Mandate**").

As at the date of this Notice, no new shares were issued pursuant to the Previous Mandate and hence, no proceeds were raised therefrom.

Ordinary Resolution 6, if passed, will empower the Directors of the Company pursuant to the Act, from the date of the Ninth AGM of the Company, to issue and allot shares in the Company at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied at general meeting, will expire at the next AGM of the Company.

The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding future investment(s), project(s), working capital and/or acquisition(s).

NOTICE OF NINTH ANNUAL GENERAL MEETING

(CONT'D)

Ordinary Resolution 7 - Proposed Renewal of Authority for Share Buy-Back

*The **Ordinary Resolution 7**, if passed, will renew the authority given to the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Main LR of Bursa Securities. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company. The details of the proposal are set out in Section B of the Statement Accompanying Notice of AGM of this Annual Report.*

Special Resolution - Proposed Adoption of New Constitution of the Company

The proposed Special Resolution, if passed, will primarily bring the Company's Constitution in line with the Act and the changes made to the Main LR of Bursa Securities as well as to enhance administrative efficiency.

In view of the substantial amendments to be made on the existing Constitution, the Board proposed that the existing Constitution be revoked in its entirety and by the replacement thereof with a new Constitution. Please refer to the new Constitution set out in Appendix A despatched together with the Company's Annual Report 2018.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR)

SECTION A

DETAILS OF INDIVIDUAL STANDING FOR ELECTION AS DIRECTOR

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

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Statistics of Shareholdings of this Annual Report.

SECTION B

SHARE BUY-BACK STATEMENT

in relation to the

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

HIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused this Statement prior to its issuance as it is an exempted document.

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents therein.

1. INTRODUCTION

At the Eighth Annual General Meeting ("**AGM**") of the GBGAQRS held on 14 May 2018, the Board had obtained mandates from the shareholders to enter into a share buy-back exercise of up to a maximum of ten per centum (10%) of its total number of issued shares through Bursa Securities. The shareholders' mandate shall expire at the conclusion of the Company's forthcoming AGM, unless authority for its renewal is obtained.

The Board of Directors of the Company had on 18 April 2019 announced the Company's intention to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority by way of an Ordinary Resolution at the Company's forthcoming Ninth AGM.

The purpose of this Statement is to provide you with details pertaining to the Proposed Renewal of Share Buy-Back Authority and to seek your approval for the Ordinary resolution in relation thereto to be tabled at the forthcoming AGM of the Company to be convened and held at The Function Room, Level 3, Gabungan AQRS Berhad Headquarters, G-58-3, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 13 June 2019 at 10.00 a.m.. A Notice of the Ninth AGM is enclosed in the Annual Report 2018 of the Company.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

2.1 Shareholders' Authority

The Proposed Renewal of Share Buy-Back Authority, if granted, will provide the Company with the renewed authority to purchase up to ten percent (10%) of the total number of issued shares of the Company at the point of purchase through the Company's appointed stockbroker(s) as approved by Bursa Securities. The purchases pursuant to the Proposed Renewal of Share Buy-Back Authority will be effected on Bursa Securities subject to compliance with Section 127 of the Act, the Listing Requirements and the prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

The actual number of GBGAQRS Shares to be purchased and the timing of such purchase will depend on (among others) the prevailing equity market conditions and sentiments of the stock market as well as the balances in retained profits, and the financial resources available to the Company at the time of the purchase(s).

The Proposed Renewal of Share Buy-Back Authority, if approved, shall be effective upon the passing of the resolution at the forthcoming Ninth AGM of GBGAQRS until:-

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting that the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.

The approval of the shareholders on the Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own shares. However, it will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned time periods.

2.2 Maximum Amount of Funds to be Allocated

In the calendar year of 2018, the total number of exercised Warrant A 2013/2018 is 43,117,480 which is the total issued shares of GBGAQRS has subsequently amounted to 494,594,005 Ordinary Shares. The Warrant A 2013/2018 has expired on 20 July 2018.

For illustrative purposes, as at LPD, the total number of issued shares of the Company stood at 494,594,005 Shares (including 4,765,244 treasury shares). Assuming that (i) no further Shares are issued and (ii) no outstanding Warrants are exercise by the entitled warrant holders; as at the LPD, the maximum number of Shares that can be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority is 49,594,400 Shares.

For the avoidance of doubt, for illustrative purposes throughout this Statement including the proforma effects as disclosed in Section 6 below, we have not taken into account:-

- (i) any purchase of Shares by GBGAQRS pursuant to the share buy-back authority approved by shareholders at Eighth AGM, after the LPD; and
- (ii) any issuance of additional Shares pursuant to Sections 75 and 76 of the Act after the LPD.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

The Company had then on 27 September 2018, issued new free Warrant B 2018/2023 amounting to 119,394,669. The warrants were listed on Bursa Malaysia Securities Berhad on 4 October 2018. As such, as at the latest LPD Warrant B 2018/2023 amounting to 119,394,669 is remain unexercised and entitles the warrant holders to subscribe for 119,394,669 new GBGAQRS Shares at an exercise price of RM1.12 per share.

Hence, based on the Company's total number of issued shares as at LPD and the assumption that all Warrants are converted into new GBGAQRS Shares, the Proposed Renewal of Share Buy-Back Authority will enable the Company to purchase up to a maximum of 61,398,867 Ordinary Shares, representing 10% of the enlarged total number of issued shares of the Company.

2.3 Treatment of Shares Purchased

Section 127(4) of the Act allows the Company to cancel the purchased Shares, to retain the purchased Shares as treasury shares or a combination of both shares that are purchased by the Company shall be deemed to be cancelled immediately on purchase unless it is held in treasury.

If such purchased Shares are held as treasury shares and in accordance to Section 127(7) of the Act, the Board may:-

- (a) distribute the treasury shares as share dividends to shareholders of the Company;
- (b) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities;
- (c) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme established by the Company;
- (d) transfer the treasury shares, or any of the shares as purchase consideration;
- (e) cancel the shares or any of the treasury shares; and/or
- (f) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe.

If such purchased Shares are held as treasury shares, the rights attached to them as to attending and voting at meetings and any purported exercise of such rights is void. The treasury shares shall not confer the right to receive dividends or other distributions, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding-up of the Company. In addition, the treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares in the Company for any purposes including, without limiting the generality of the provision in the Act or the MMLR on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at meetings of shareholders.

Where treasury shares are distributed as share dividends, the costs of the Shares on the original purchase shall be applied in the reduction of the funds otherwise available for distribution as dividends.

Where the Shares so purchased are cancelled or to cancel any treasury shares, the costs of the Shares shall be applied in the reduction of the profits otherwise available for distribution as dividends. The issued capital of the Company shall be diminished by the Shares so cancelled.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

2.4 Purchased/Resale Price

Pursuant to Paragraph 12.17 of the MMLR, the Company may only purchase its own Shares at a price which is not more than fifteen per centum (15%) above the weighted average market price of the Shares for the past five (5) market days immediately preceding the date of purchase.

In the case of resale or transfer of treasury shares, the Company may only resell the treasury shares or transfer treasury shares pursuant to section 127(7) of the Act and Paragraph 12.18 of the MMLR at:

- (a) a price which is not less than the weighted average market price of the Shares for the past five (5) market days immediately prior to the date of resale or transfer; or
- (b) a discounted price of not more than five per centum (5%) to the weighted average market price of the Shares for the past five (5) market days immediately prior to the date of resale or transfer provided that:-
 - the resale or transfer takes place not earlier than 30 days from the date of purchase; and
 - the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

In accordance with Paragraph 12.26 of the MMLR, the Company may purchase its own Shares in odd lots, i.e. any number of its own Shares which is less than the number of Shares prescribed by Bursa Securities as a board lot through direct business transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

3. RETAINED PROFITS

In accordance with the MMLR, the Proposed Renewal of Share Buy-Back Authority must be made wholly out of GBGAQRS's retained profits of the Company. The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority will be limited to the amount of retained profits based on the latest audited and unaudited financial statements of the Company. Based on the audited financial statements of the Company for the financial year ended 31 December 2018, the retained profits of the Company amounted to RM16,472,572.

4. SOURCE OF FUNDS

The Proposed Renewal of Share Buy-Back Authority will be funded through internally generated funds and/or bank borrowings or a combination of both. In the event that the Company intends to purchase its own Shares using bank borrowings, the Board shall ensure that the Company shall have sufficient funds to repay the bank borrowings and interest expense and that the repayment would not have any material effect on the cash flow of the Company.

The amount of funds to be utilised will depend on the actual number of Shares to be purchased, the price of the Shares and the availability of funds involved for each purchase(s) will depend on market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Group. In addition, the Board will ensure that the Company satisfy the solvency test as stated in the Section 112(2) of the Act before execution of the Proposed Renewal of Share Buy-Back Authority.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

5. RATIONALES, POTENTIAL ADVANTAGES AND DISADVANTAGES FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority is expected to benefit the Company and its shareholders in the following manners:-

- (a) it is expected to potentially benefit the Company and its shareholders, in terms of stabilising the supply and demand of GBGAQRS Shares as well as the price of the Company's Shares;
- (b) it will enhance the earnings per share ("EPS") of GBGAQRS, irrespective of whether the purchased Shares are held as treasury shares or cancelled, as it will result in a lower number of Shares being taken into account for the purpose of computing the EPS of the Shares; and
- (c) if the purchased Shares are held as treasury shares, such Shares may potentially be resold in the open market at a higher price and therefore realising a potential gain without affecting the total number of issued shares. The treasury shares may also be distributed to the shareholders as dividend and if undertaken, would serve as a reward to the shareholders, or be utilised as purchase consideration by the Company in corporate transactions thereby reducing the financial outflow and/or preserve the working capital of the Company.

The Proposed Renewal of Share Buy-Back Authority, if implemented, would reduce the financial resources of the Group. This may result in the Group having to:-

- (a) forgo future investments or business opportunities;
- (b) increase its interest expense or reduce its interest income accordingly, that may be derived from not utilising such funds to repay bank borrowings or not depositing such funds in income bearing instruments; and/or; and
- (c) reduce the availability of funds for distribution of cash dividends to shareholders.

On the other hand, the financial resources of the Group may increase, if the resale of the purchased Shares (not held as treasury shares) is at prices higher than purchase price.

In this connection, the Board will be mindful of the interests of the Group, the shareholders and stakeholders when implementing the Proposed Renewal of Share Buy-Back Authority and when cancelling and/or reselling the said treasury shares, if any, on Bursa Securities.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

6. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

On the assumption that the Proposed Renewal of Share Buy-Back Authority is carried out in full, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, net assets, working capital, earnings and dividends are set out below:-

6.1 Share Capital

Based on the issued share capital of the Company as at LPD and assuming that the maximum number of GBGAQRS (of up to ten percent (10%) of the total issued number of share) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled, it will result the in the issued share capital of the Company being reduced as follows:

Scenario I : Assuming no further exercise of Warrants

Scenario II : Assuming that all the outstanding Warrants are exercised and converted into Shares

	No. of shares	
	Scenario I	Scenario II
Total Issued number of Shares as at LPD	494,594,005	494,594,005
Shares to be issued upon full exercise of the Warrants	-	119,394,669
Enlarged total number of issued Shares	494,594,005	613,988,674
Cancellation of Purchased GBGAQRS Shares	(49,459,400)	(61,398,867)
Total number of issued shares after the Proposed Renewal of Share Buy-Back Authority	445,134,605	552,589,807

However, the Proposed Renewal of Share Buy-Back Authority will have no effect on the total number of issued shares if all the purchased Shares are to be retained as treasury shares, resold or distributed to the shareholders. Nevertheless, certain rights attached to the Ordinary Shares such as voting, dividends and participation in other distribution will be suspended while they are held as treasury shares.

6.2 Net Assets ("NA"), NA Per Share and Gearing

The effect of the Proposed Renewal of Share Buy-Back Authority on the consolidated NA per share of the Group would depend on the purchase prices, number of Shares purchased, treatment of the purchased Shares and the effective funding cost or loss of interest income to GBGAQRS if internally generated funds are utilised.

The Proposed Renewal of Share Buy-Back Authority will reduce the NA per share at the time of purchase if the purchase price exceeds the NA per share and conversely, will increase the NA per share at the time of purchase if the purchase price is less than the NA per share.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

If the treasury shares are sold at a gain, the NA per share would increase and, conversely, the NA per share would decrease if the treasury shares are sold at a loss. The quantum of the increase or decrease in NA will depend on the selling prices of the purchased Shares and the number of purchased Shares resold.

The effects of the Proposed Renewal of Share Buy-Back Authority on the gearing of the Group will depend on the proportion of borrowing utilised to fund the purchase of the Purchased Shares. At this juncture, the Directors have not determined whether to use borrowings for purposes of purchasing its own Shares.

6.3 Earnings

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of GBGAQRS will depend on the purchase price of the Shares, the number of Shares purchased and the opportunity cost arising from the funds utilised for the Proposed Renewal of Share Buy-Back.

Any cancellation of the Shares purchased is expected to give rise to increase EPS provided the income foregone and/or interest expenses incurred on the share purchased is less than the EPS prior to the Proposed Renewal of Share Buy-Back Authority.

Assuming that the Shares purchased are retained as treasury shares and resold, the effects on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings from the exercise.

6.4 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which will depend on, amongst others, the purchase prices, the number of Shares purchased and the effective funding cost, if any.

However, the cash flow or working capital position of the Company will be restored if the purchased of GBGAQRS Shares are resold at least at the purchase price.

6.5 Dividends

The Proposed Renewal of Share Buy-Back Authority may result in a lower amount of cash reserves available for dividends to be declared to shareholders as funds are utilised to purchase Shares. Nonetheless, the treasury shares may be distributed as dividend to the shareholders if the Company so decides.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the Register of Substantial Shareholders and Directors' Shareholdings as at the LPD, and assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full (i.e. up to 10% of the total number of issued shares) and that the Purchased Shares are from shareholders other than the Directors and Substantial Shareholders, the effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the existing Directors and Substantial Shareholders of the Company by virtue of Section 127 of the Act are as follows:-

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

Scenario I : Assuming that none of the Warrants are exercised and the Propose Share Buy-Back is implemented in full:-

	As at LPD ^(a)				After the Proposed Renewal of Share Buy-Back Authority ^(b)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors								
Y.M Tunku Alizan bin Raja Muhammad Alias	300,492	0.06	-	-	300,492	0.07	-	-
Datuk Kamarudin bin Md. Ali	204,000	0.04	-	-	204,000	0.05	-	-
Dato' Azizan bin Jaafar	1,879,146	0.38	⁽¹⁾ 53,602,938	10.94	1,879,146	0.42	⁽¹⁾ 53,602,938	12.04
Dato' Ow Chee Cheoon	33,966,774	6.93	-	-	33,966,774	7.63	-	-
Ow Yin Yee	163,812	0.03	-	-	163,812	0.04	-	-
Loo Choo Hong	71,400	0.01	-	-	71,400	0.02	-	-
Muk Sai Tat	-	-	-	-	-	-	-	-
Substantial Shareholders								
Dato' Azizan bin Jaafar	1,879,146	0.38	⁽¹⁾ 53,602,938	10.94	1,879,146	0.42	⁽¹⁾ 53,602,938	12.04
Dato' Ow Chee Cheoon	33,966,774	6.93	-	-	33,966,774	7.63	-	-
Ganjaran Gembira Sdn Bhd	53,602,938	10.94	-	-	53,602,938	12.04	-	-
Brahmal Vasudevan	-	-	29,070,000	5.93	-	-	29,070,000	6.53
Ng Kit Heng	27,845,319	5.68	-	-	27,845,319	6.26	-	-
Kumpulan Wang Persaraan (Diperbadankan)	-	-	29,992,044	6.12	-	-	29,992,044	6.74

Notes :-

(a) Calculated based on the total number of issued shares of 489,828,761 Ordinary Shares excluded 4,765,244 treasury shares.

(b) Assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full, i.e. 10% of the total number of issued shares of the Company, the purchased Shares are held as treasury shares under the respective scenarios and that the Directors and substantial shareholders' shareholdings remain unchanged.

(1) Deemed interested via shareholding in Ganjaran Gembira Sdn Bhd pursuant to Section 8 of the Act.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

Scenario II : Assuming that all the outstanding Warrants are exercised and the Propose Share Buy-Back is implemented in full:-

	As at LPD ^(a)				Assuming full exercise of Warrants ^(b)				After the Proposed Renewal of Share Buy-Back Authority ^(c)			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors												
Y.M Tunku Alizan bin Raja Muhammad Alias	300,492	0.06	-	-	474,142	0.08	-	-	474,142	0.09	-	-
Datuk Kamarudin bin Md. Ali	204,000	0.04	-	-	406,800	0.07	-	-	406,800	0.07	-	-
Dato' Azizan bin Jaafar	1,879,146	0.38	⁽¹⁾ 53,602,938	10.94	2,339,721	0.38	⁽¹⁾ 66,740,913	10.96	2,339,721	0.42	⁽¹⁾ 66,740,913	12.08
Dato' Ow Chee Cheoon	33,966,774	6.93	-	-	42,291,964	6.94	-	-	42,291,964	7.65	-	-
Ow Yin Yee	163,812	0.03	-	-	203,962	0.03	-	-	203,962	0.04	-	-
Loo Choo Hong	71,400	0.01	-	-	88,900	0.01	-	-	88,900	0.02	-	-
Muk Sai Tat	-	-	-	-	-	-	-	-	-	-	-	-
Substantial Shareholders												
Dato' Azizan bin Jaafar	1,879,146	0.38	⁽¹⁾ 53,602,938	10.94	2,339,721	0.38	⁽¹⁾ 66,740,913	10.96	2,339,721	0.42	⁽¹⁾ 66,740,913	12.08
Dato' Ow Chee Cheoon	33,966,774	6.93	-	-	42,291,964	6.94	-	-	42,291,964	7.65	-	-
Ganjaran Gembira Sdn Bhd	53,602,938	10.94	-	-	66,740,913	10.96	-	-	66,740,913	12.08	-	-
Brahmal Vasudevan	-	-	29,070,000	5.93	-	-	44,070,000	7.23	-	-	44,070,000	7.98
Ng Kit Heng	27,845,319	5.68	-	-	28,862,819	4.74	-	-	28,862,819	5.22	-	-
Kumpulan Wang Persaraan (Diperbadankan)	-	-	29,992,044	6.12	-	-	30,104,544	4.94	-	-	30,104,544	5.45

Notes :-

(a) Calculated based on the total number of issued shares of 489,828,761 Ordinary Shares excluded 4,765,244 treasury shares

(b) Calculated based on the total number of issued shares and warrants converted of 609,223,430 Ordinary Shares excluded 4,765,244 treasury shares.

(c) Assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full, i.e. 10% of the total number of issued shares of the Company, the purchased Shares are held as treasury shares under the respective scenarios and that the Directors and substantial shareholders' shareholdings remain unchanged.

(1) Deemed interested via shareholding in Ganjaran Gembira Sdn Bhd pursuant to Section 8 of the Act.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

8. PUBLIC SHAREHOLDING SPREAD

Pursuant to Paragraph 8.02(1) of the MMLR, a listed issuer must ensure that at least 25% of its total listed Shares (excluding treasury shares) are in the hands of public shareholders.

The public shareholding spread of the Company as at LPD is 63.82%. In implementing the Proposed Renewal of Share Buy-Back Authority, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

9. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

The Company has purchased and resale its own Shares in the preceding twelve (12) months and details of the purchases are as follows:-

Date of Purchase	No. of Shares Purchased/ (Resale)	Purchase Price (RM)		Total Consideration (RM)
		Lowest	Highest	
24.04.18	230,000	1.600	1.710	383,668.69
25.04.18	22,500	1.620	1.630	36,793.99
26.04.18	13,000	1.640	1.650	21,563.02
30.04.18	60,400	1.670	1.680	101,571.78
02.05.18	20,000	1.670	1.670	33,623.04
03.05.18	49,900	1.670	1.680	84,090.93
07.05.18	130,000	1.630	1.660	213,964.04
08.05.18	350,000	1.600	1.640	570,634.14
14.05.18	80,000	1.120	1.120	90,198.35
15.05.18	2,922,400	0.845	0.950	2,677,220.45
16.05.18	1,998,300	0.915	0.955	1,874,164.13
17.05.18	1,530,000	0.930	0.960	1,451,598.51
18.05.18	1,947,800	0.930	1.020	1,886,338.77
21.05.18	451,400	0.915	0.950	420,473.23
22.05.18	269,000	0.945	0.955	256,511.40
23.05.18	496,000	0.910	0.940	459,777.75
24.05.18	500,000	0.905	0.930	461,895.09
28.05.18	822,900	0.885	0.915	745,314.65
30.05.18	308,200	0.675	0.885	240,859.59
31.05.18	950,000	0.635	0.650	613,635.02
06.06.18	754,100	0.860	0.885	660,335.34
11.06.18	235,400	0.965	0.980	229,485.93
12.06.18	639,300	1.040	1.110	700,932.51
13.06.18	252,400	1.110	1.130	283,420.82
14.06.18	315,000	1.200	1.220	381,437.56
18.06.18	2,072,900	1.170	1.310	2,606,060.52
19.06.18	1,523,200	1.180	1.270	1,887,268.11
20.06.18	538,000	1.200	1.220	650,413.17
21.06.18	547,100	1.120	1.180	638,223.32
23.07.18	(900,000)	1.360	1.390	1,234,914.28
24.07.18	(800,000)	1.370	1.420	1,114,812.93
25.07.18	(1,234,200)	1.410	1.470	1,765,921.31

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

Date of Purchase	No. of Shares Purchased/ (Resale)	Purchase Price (RM)		Total Consideration (RM)
		Lowest	Highest	
26.07.18	(635,800)	1.470	1.510	942,004.15
13.09.18	20,000	1.040	1.040	20,931.04
20.02.19	(400,000)	1.120	1.130	448,515.00
21.02.19	(200,000)	1.140	1.140	227,247.60
22.02.19	(750,000)	1.150	1.170	867,129.00
25.02.19	(250,000)	1.180	1.180	294,026.50
05.03.19	(10,000)	1.190	1.190	11,820.75
07.03.19	(240,000)	1.190	1.190	284,606.11
11.03.19	(293,500)	1.240	1.250	363,106.35
12.03.19	(206,700)	1.250	1.260	257,477.91
19.03.19	(249,800)	1.260	1.260	313,652.68
28.03.19	(51,000)	1.370	1.370	69,404.66

Pursuant to the existing authority as approved by the shareholders at the AGM held on 14 May 2018 and preceding twelve (12) months from the LPD, the Company has purchased up to 20,049,200 GBGAQRS Shares and had resold 6,221,000 GBGAQRS Shares. All GBGAQRS Shares purchased are retained as Treasury Shares and none of the Treasury Shares held was cancelled.

On 28 February 2019, the Company had declared interim single-tier dividend via a share dividend distribution of treasury shares on the basis of two (2) treasury shares for every one hundred (100) existing ordinary shares held (share dividend). A total of 9,598,458 Shares dividend had been credited into the Depositors' Securities Accounts of all entitled shareholders maintained with Bursa Malaysia Depository Sdn. Bhd. on 22 March 2019. As at the LPD, the balance of 4,765,244 Purchased Shares is retained as Treasury Shares.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

10. HISTORICAL SHARE PRICES

The monthly high and low prices of the Company as traded on Bursa Securities for the last twelve (12) months from April 2018 to March 2019 are as follows:-

	Shares	
	High RM	Low RM
2018		
April	1.59	1.77
May	0.63	0.66
June	0.63	1.23
July	1.13	1.43
August	1.09	1.41
September	1.03	1.15
October	0.79	1.05
November	0.80	0.95
December	0.66	0.84
2019		
January	0.87	1.13
February	0.89	1.15
March	1.10	1.33

Last transacted market price of GBGAQRS Shares on 1 April 2019 was RM1.36 (being the last practicable date prior to the printing of this Statement).

(Source, <https://www.bloomberg.com/quote/AQRS:MK>)

11. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY IN RELATION TO THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS, 2016 ("RULES")

The Company also intends to implement the Proposed Renewal of Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Rules. In this respect, the Board will be mindful of the requirement of the Rules when implementing the Proposed Renewal of Share Buy-Back Authority.

As the Board has no intention for the Proposed Renewal of Share Buy-Back Authority to trigger the obligation to undertake a mandatory general offer under the Rules by any of its substantial shareholders and/or parties acting in connect with them, the Board will ensure that only such number of Ordinary Shares are purchased, retained as treasury share, cancelled or distributed such that the Rules will not be triggered.

12. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they individually and collectively and individually accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR) (CONT'D)

13. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority is of the opinion that it is in the best interests of the Company and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Ninth AGM.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's Registered Office at G-58-1, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810, Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours and on Mondays to Fridays (except public holidays) from the date of this Statement to the date of the forthcoming AGM:

- (i) the Constitution of the Company; and
- (ii) the audited consolidated financial statements of GBGAQRS for the two financial years ended 31 December 2017 and 31 December 2018 and the latest unaudited results since the last audited financial statements.

ABBREVIATIONS

AC	Audit Committee
ACCA	Association of Chartered Certified Accountants
Act	Companies Act, 2016, as amended from time to time and any re-enactment thereof
AGM	Annual General Meeting
AQRSTBC/AQRS	AQRS The Building Company Sdn Bhd
BDO	Messrs BDO
Board	Board of Directors of the Company
Bursa Securities	Bursa Malaysia Securities Berhad
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company	Gabungan AQRS Berhad
COSO	Committee of Sponsoring Organizations of the Treadway Commission
ED/EDs	Executive Director or its plural
EPS	Earnings per share
FRSs	Financial Report Standards
FYE 2017	Financial year ended 31 December 2017
FYE 2018	Financial year ending 31 December 2018
GBGAQRS	Gabungan AQRS Berhad or the Company
GBGAQRS Share(s)	Ordinary share(s) in the Company
GDV	Gross development value
Group/GBG	Gabungan AQRS Berhad and its group of companies
GSSB	Gabungan Strategik Sdn Bhd
IA	Internal audit
INED/INEDs	Independent and Non-Executive Director or its plural
IPO	Initial Public Offering
LPD	1 April 2019, being the latest practicable date before the printing of this Annual Report
MCCG/Code	Malaysian Code on Corporate Governance
MIA	Malaysian Institute of Accountants
MMLR	Main Market Listing Requirements of Bursa Securities including any amendment(s) thereto which may be made from time to time
NC	Nomination Committee
NED/NEDs	Non-Executive Director or its plural
Prevailing Laws	Any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the Proposed Share Buy-Back
Proposed Authorised Period	Period commencing immediately upon obtaining shareholders' approval for Proposed Share Buy-Back until conclusion of next AGM
Proposed Share Buy-Back	Proposed renewal of authority for a share buy-back exercise of up to ten per centum (10%) of the total number of issued shares of the Company
Purchased Shares	GBGAQRS Shares that have been purchased by the Company pursuant to the Proposed Share Buy-Back
RC	Remuneration Committee
RM and sen	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia
RMC	Risk Management Committee
ROD	Record of Depositors
RPT/RPTs	Related Party Transaction or its plural
RRPT/RRPTs	Recurrent Related Party Transaction or its plural
SC	Securities Commission Malaysia
SMPP	Syarikat Muhibah Perniagaan dan Pembinaan Sdn Bhd
TOR	Terms of Reference



FORM OF PROXY

Number of shares held	
CDS account no.	

*I/We _____ Company No./NRIC No.
(full name as per NRIC/Certificate of Incorporation in capital letters)

_____ of _____
(full address)

being a member of **GABUNGAN AQRs BERHAD** hereby appoint _____
(full name as per NRIC in capital letters)

NRIC No. _____ or failing him/her, _____
(full name as per NRIC in capital letters)

NRIC No. _____ or failing him/her the Chairman of the Meeting as *my/our proxy, to vote for *me/us on *my/our behalf at the Ninth AGM of the Company to be held at The Function Room, Level 3, Gabungan AQRs Berhad Headquarters, G-58-3, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 13 June 2019 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of Ninth AGM.

*My/Our proxy(ies) *is/are to vote as indicated below:

Ordinary Resolutions		For	Against
1	To re-elect Dato' Ow Chee Cheoon who retires in accordance with Article 95 of the Company's Constitution.		
2	To re-elect Mr Muk Sai Tat who retires in accordance with Article 95 of the Company's Constitution.		
3	To re-appoint BDO PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.		
4	To approve the payment of Directors' fees of RM468,000 for the financial year ending 31 December 2019.		
5	To approve the payment of Directors' benefits (excluding Directors' fees) up to an amount of RM32,000 from 14 June 2019 until the next Annual General Meeting of the Company in year 2020.		
6	Authority to Issue and Allot Shares pursuant to the Companies Act 2016.		
7	Proposed Renewal of Authority for Share Buy-Back.		
Special Resolution			
Proposed Adoption of New Constitution of the Company.			

(Please indicate with an "X" in the appropriate box against each Resolution on how you wish your vote to be cast. If no specific direction as to how the proxy shall vote, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.)

Signed this _____ day of _____ 2019

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

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

NOTES:-

1. A proxy may, but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.
3. A member of the Company may appoint more than one (1) proxy to attend at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority shall be deposited at the Registered Office of the Company at G-58-1, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
7. For the purpose of determining a member who shall be entitled to attend this Ninth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 68(ii) of the Constitution of the Company and Section 34(1) of SICDA to issue a General Meeting Record of Depositors ("ROD") as at 10 June 2019. Only a depositor whose name appears on the ROD as at 10 June 2019 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

* Delete if not applicable

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AFFIX
STAMP

The Company Secretary

GABUNGAN AQRS BERHAD (912527-A)

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

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www.gbg.com.my

Gabungan AQRS Berhad (912527-A)

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