

# Bangkit Bersama

Annual Report 2018



SPIRIT OF ACHIEVEMENT



# Our Vision, Mission & Objectives

## VISION STATEMENT

To be a respected and leading conglomerate that delivers excellent products and services.

## MISSION STATEMENT

To deliver excellent standard of performance through township development, infrastructure, construction and tourism.

## CORPORATE OBJECTIVES

- To maximise returns to shareholders by maximising growth rate in net earnings.
- To ensure that subsidiaries achieve leadership positions in their respective industries.
- To create a conducive environment for the Group's employees to realise their potential.
- To ensure sustainability of our core businesses.
- To create diversified income and revenue sources.
- To contribute positively towards the social and environmental needs of the society in which we operate.

## COVER RATIONALE

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### **Bangkit Bersama** ("Rising Together")

2018 had been a challenging year for Bina Darulaman Berhad (BDB). Emboldened with determination and true camaraderie, BDB Team has stepped up and with the aspiration to steer BDB on the road to recovery and make BDB an organization that delivers values to its stakeholders. The lessons learnt will not only make the team more resilient but will be more agile, innovative and business driven thus living up to its 'Spirit of Achievement' motto.

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## About Us

# Bina Darulaman Berhad

**BINA DARULAMAN BERHAD (BDB)** is an investment holding company and its subsidiaries are well known in the state of Kedah with regards to property and township development, construction, road building and maintenance, quarry, golf as well as tourism, leisure and hospitality.

Since its incorporation over two decades ago, the BDB Group has played a significant role in contributing to the development of the state's socio-economic agendas and has achieved remarkable success in the undertaking of various projects in different parts of Kedah.



Established on 7 February 1995 and listed in the Main Board of Bursa Malaysia on 2 February 1996, the BDB Group has come a long way from its humble start. The BDB Group now possesses a strong workforce with high degree of expertise and specialties which are proven evident in its ability to undertake various projects.

With the tagline "Spirit of Achievement", it reflects BDB's bigger, forward-marching aspirations and commitments where everyone will work together to achieve the group's corporate goals.



**Established on 7 February 1995  
and listed in the Main Board of  
Bursa Malaysia on 2 February 1996**

# BDB Infra Sdn Bhd

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**BDB INFRA SDN. BHD.** (BDB Infra) has more than 40 years of experience in quarry and road construction since its inception in 1973. BDB Infra is recognised as one of the most prominent class G7 contractors for road works in northern Malaysia.

BDB Infra also forged a reputation for its technical knowledge and quality road works. BDB Infra participated in many road construction projects and maintenance of roads and highways across northern Malaysia.

Originally operating under the name of Syarikat Bina Dan Kuari Kedah Sdn. Bhd., BDB Infra was a pioneer in the quarry industry and operates the largest granite quarry in Kedah. Situated in Bukit Perak, Pendang, the quarry produces various sizes of crushed aggregates and Asphaltic

Bituminous Mix Products for the construction of roads, highways, railway tracks, bridges, houses, land reclamations and other infrastructures.

The quarry has the capacity to produce 100,000 tonnes of aggregates monthly and based on the current capacity, the quarry has enough reserves to last more than 100 years.

In early 2017, BDB Infra has successfully operated a new asphalt premix plant in Kulim, namely Kulim Kedah Premix Plant (KKPP) to cater the demand of customers from central to southern Kedah, Penang and northern Perak.

The plant is being equipped with a batching system which capable to produce 40,000 tonnes of Asphaltic Bituminous Mix Products monthly. KKPP is the largest addition to BDB Infra production and manufacturing facilities.





# BDB Synergy Sdn Bhd

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**BDB SYNERGY SDN. BHD.** (BDB Synergy) was created through a joint venture between Perbadanan Kemajuan Negeri Kedah (PKNK) and Sato Kogyo Company Ltd. in 1982 and prides itself as one of the major participants in the government and private sectors' engineering and construction markets for the northern region of Malaysia. BDB Synergy offers a full spectrum of engineering and construction services, from civil and building construction, roadworks and earthworks, maritime infrastructure to waterworks.

BDB Synergy, since its inception, has forged a proud track record of major developments and projects across the engineering and construction industry. Among others, BDB Synergy has successfully delivered building and civil projects for airports, leisure and residential developments,

educational and healthcare, water supply facilities, jetties, roads, bridges, industrial, and civil infrastructures.

BDB Synergy's competitive advantage lies in its decades of experience, civil engineering skillsets and resources that are versatile enough to deliver

projects of all sizes innovatively within budget, on time, and exceeding clients' expectations.

As a commitment to operational excellence and consistent performance with the core objective of achieving complete stakeholders' satisfaction, BDB Synergy subscribes to the following tools and standards in its operations:

- Quality Assessment System in Construction (QLASSIC);
- ISO 9001:2015;
- ISO 14001:2015; and
- OHSAS 18001:2007.

BDB Synergy, building trust and creating value.







## PROPERTY DEVELOPMENT

# BDB Land Sdn Bhd

**BDB LAND SDN BHD** (BDB Land) has carved a niche as a reputable leader in township developments in the northern region of Malaysia.

Established in 7 April 1981, it has more than 30 years' experience and an impressive track record as its credentials.

BDB Land is the name behind prestigious sustainable townships such as:

- **Bandar Darulaman (Jitra)**, a self-sustaining and matured township in the state capital of Alor Setar;
- **Darulaman Perdana (Sungai Petani)**, a residential mixed development bringing quality living to the people of Sungai Petani;
- **Darulaman Utama (Kuala Ketil)**, a large scale township development in Kuala Ketil, envisaged to transform the district of Baling; and
- the two new townships, **Darulaman Saujana (Jitra)** and **Darulaman Putra (Sungai Petani)**, are poised to continue bringing sustainable development and quality living to the people of Kedah.

BDB Land also aims to make home ownership within reach to as many as possible by continuing to focus on building affordable homes in the next 5 years.

Simfoni West, launched in second quarter of 2018 comprise variety of affordable products likes Harmoni (Double Storey Terrace), Duet (Single Storey Bungalow), Melodi (Double Storey Bungalow) and Acapella (Single & Double Storey Bungalow) to match the varying needs of the market.

BDB Land will continue to introduce new products and a new living lifestyle within its townships and play a key role in the socioeconomic agenda of Kedah.





# Kedah Holdings Sdn Bhd

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**KEDAH HOLDINGS SDN BHD** (Kedah Holdings) which was established in 2 February 1982, has more than 30 years' experience in developing commercial, residential, high-rise apartments and office blocks as its credentials.

Kedah Holdings is poised to develop small to medium scale housing and commercial schemes to position itself as a pocket and boutique developer matching customised needs and lifestyle to the people within Kedah state and beyond

Kedah Holdings also launched the first phase of pocket development in Bandar Sejahtera on the second quarter of 2018 which comprise of 147 residential units within the new town of Pokok Sena, Kedah.

Kedah Holdings past developments include:

- **Kompleks Alor Setar**, a three-storey commercial complex along Lebuhraya Darulaman, Alor Setar; and
- **Menara BDB**, a ten-storey office block which houses Bina Darulaman Berhad headquarters as well as private offices, government and semi-government agencies.





# BDB Leisures Sdn Bhd

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Established on 6 September 2016, **BDB LEISURES SDN BHD** (BDB Leisures) is involved in the business of building amusement parks and managing various forms of entertainment, sports, indoor and outdoor recreations.

The company had increased its workforce to ensure smooth business operations and improve productivity and efficiency for better satisfaction to the customer.

The development of Darulaman Park complete with infrastructure for various sports and recreational activities is a popular hangout spot and the main attraction for the locals in the district of Kubang Pasu.

The introduction of Fantasia Aquapark in November 2017 as well as marquee tent, wall climbing and flying fox in 2018 will help boost tourist attractions and increase the revenue for BDB Leisures.

Darulaman Trails in Bandar Darulaman and Darulaman Sanctuary in Langkawi also play an integral part in providing support for the core business to ensure the success of BDB Leisures.





# BDB Darulaman Golf Resort Berhad

## **BDB DARULAMAN GOLF RESORT BERHAD (BDB DGRB)**

boasts a sprawling international standard 18-hole golf course that spans across 190 acres of land.

Since opening its door in 1993, the green undergone an upgrade in June 2013, and had been attracting golfers from across the country. Its popularity rise is thanks to a number of professional tournaments such as the BDB Masters, one of the most awaited amateur tournament in the north.

Aptly dubbed the "Pride of the North", BDB DGRB is one of the golf resorts that offer a complete host of resort facilities. The Resort offers numerous facilities ranging from swimming pools, badminton courts, a gymnasium, conference facilities, F&B outlets (Classic Café), a hotel and chalets.

The resort BDB Hotels hosts a total of 104 unit rooms with apartment concept and consists of Standard Suite, Deluxe Suite, Family Suite with 2 bedrooms and chalets which can accommodate your retreat in total tranquillity.

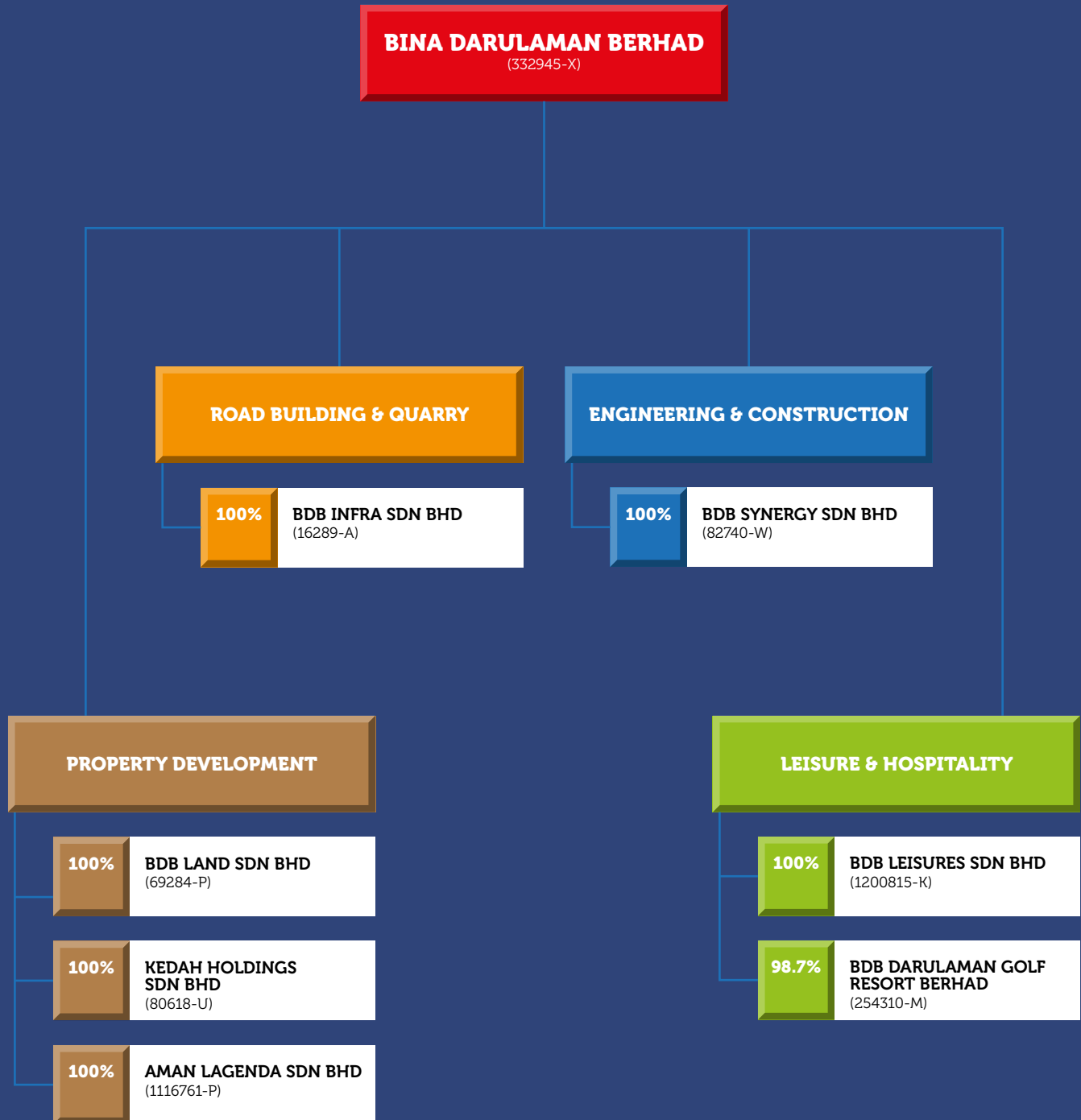
Guests can unwind amidst soothing greenery or indulge in recreational activities such as golfing, canoeing, boating, hiking, cycling at Darulaman Park and Darulaman Trails whilst kids can enjoy splashing at the nearby Fantasia Aquapark.







# Corporate Structure



# Corporate Information

## BOARD OF DIRECTORS

**Dato' Asri bin Hamidin @ Hamidon**  
Director  
*Senior Independent and Non-Executive Director*

**Haji Abdul Rahman bin Abdullah**  
Director  
*Non Independent and Non-Executive Director*

**Sudirman bin Masduki**  
Director  
*Independent and Non-Executive Director*

**Datuk Mohd Radzif bin Mohd Yunus**  
Director  
*Independent and Non-Executive Director*

## BOARD AUDIT COMMITTEE

**Sudirman bin Masduki**  
Chairman

**Dato' Asri bin Hamidin @ Hamidon**  
Member

**Datuk Mohd Radzif bin Mohd Yunus**  
Member

## BOARD RISK COMMITTEE

**Dato' Asri bin Hamidin @ Hamidon**  
Chairman

**Haji Abdul Rahman bin Abdullah**  
Member

**Datuk Mohd Radzif bin Mohd Yunus**  
Member

## BOARD NOMINATION, REMUNERATION & ESOS COMMITTEE

**Datuk Mohd Radzif bin Mohd Yunus**  
Chairman

**Dato' Asri bin Hamidin @ Hamidon**  
Member

**Haji Abdul Rahman bin Abdullah**  
Member

**Sudirman bin Masduki**  
Member

## BOARD PROCUREMENT COMMITTEE

**Datuk Mohd Radzif bin Mohd Yunus**  
Chairman

**Dato' Asri bin Hamidin @ Hamidon**  
Member

**Haji Abdul Rahman bin Abdullah**  
Member

## COMPANY SECRETARY

**Khairulmuna binti Abd Ghani**  
(LS No. 0008190)

## SOLICITOR

**Messrs. Kadir Andri & Partners**  
Level 10, Menara BRDB  
285 Jalan Maarof  
59000 Kuala Lumpur  
Tel : (03) 2780 2888  
Fax : (03) 2780 2832  
E-mail : partner@kaaplaw.com

## REGISTERED OFFICE

Level 9, Menara BDB  
88 Lebuhraya Darulaman  
05100 Alor Setar  
Kedah Darul Aman  
Tel : (04) 730 0303  
Fax : (04) 734 2714  
E-mail : bina\_darulaman@bdb.com.my  
Website : www.bdb.com.my

## SHARE REGISTRAR

**Bina Management (M) Sdn. Bhd.**  
Lot 10, The Highway Centre  
Jalan 51/205  
46050 Petaling Jaya  
Selangor Darul Ehsan  
Tel : (03) 7784 3922  
Fax : (03) 7784 1988  
E-mail : binawin@hotmail.com

## AUDITORS

**KPMG PLT**  
Level 18, Hunza Tower  
163E Jalan Kelawei  
10250 Pulau Pinang  
Tel : (04) 238 2288  
Fax : (04) 238 2222

## PRINCIPAL BANK

**Maybank Islamic Bank Berhad**  
1535 Jalan Sultan Badlishah  
05710 Alor Setar  
Kedah Darul Aman  
Tel : (04) 731 3855  
Fax : (04) 733 1550

**Affin Islamic Bank Berhad**  
No. 147 & 148  
Susuran Sultan Abdul Hamid 8  
Kompleks Sultan Abdul Hamid  
Fasa 2, Persiaran Sultan Abdul Hamid  
05050 Alor Setar  
Kedah Darul Aman  
Tel : (04) 772 1477  
Fax : (04) 771 4796

## STOCK EXCHANGE LISTING

Listed on the Main Board of Bursa  
Malaysia Securities Berhad  
Stock Name : BDB  
Stock Code : 6173

# Board of Directors



- Age: 53
- Gender: Male
- Date of Appointment: 30.12.2013
- Date of Re-designation as Senior Independent Director: 28.01.2018
- Date of Last Re-election: 16.03.2017

## QUALIFICATIONS

- Master in Economy, Hiroshima University, Japan
- Diploma in Public Administration, INTAN
- Bachelor in Economics (Hons), Universiti Malaya
- Completed Harvard Premier Business Management Programme

## DATO' ASRI BIN HAMIDIN @ HAMIDON

Senior Independent Director

### WORKING EXPERIENCE

**Dato' Asri bin Hamidin @ Hamidon** began his career as an Assistant Director in the EPU of the Prime Minister's Department in 1994. He was later appointed as Assistant Director of the Anti-Corruption Agency before serving as Administrative and Diplomatic Officer in the Public Service Department and then Principal Assistant Secretary in the Ministry of Finance. Dato' Asri was appointed the Under-Secretary, GIC Division, MOF in July 2015 and his current position was Deputy Secretary General to the Treasury (Investment) of MOF appointed in March 2018.

### OTHER DIRECTORSHIPS IN PUBLIC LISTED COMPANIES

1. Telekom Malaysia Berhad

### BOARD COMMITTEE MEMBERSHIP

1. Board Risk Committee
2. Board Audit Committee
3. Board Nomination, Remuneration & ESOS Committee
4. Board Procurement Committee

### ATTENDANCE AT BOARD MEETING IN 2018

Attended 10/13 meetings.

### ATTENDANCE AT PREVIOUS AGM

Yes.

### OTHER INFORMATION

Dato' Asri does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction of any offences over the past 5 years (other than traffic offenses, if any).



- Age: 58
- Gender: Male
- Date of Appointment: 01.01.2017
- Date of Last Re-election: 16.03.2017

#### **QUALIFICATIONS**

- Bachelor of Economics (Hons) Universiti Malaya
- Master of Business Administration, Universiti Utara Malaysia

## **HAJI ABDUL RAHMAN BIN ABDULLAH**

Non Independent Non-Executive Director

#### **WORKING EXPERIENCE**

**Haji Abdul Rahman bin Abdullah** joined Perbadanan Kemajuan Negeri Kedah (PKNK) in 1984 as Assistant Manager. Before appointed as Chief Executive Officer of PKNK on 18 August 2016, he has served PKNK with various positions including Manager of Administration & Human Resources Development (HRDC), Senior Manager of HRDC and General Manager (Corporate).

#### **OTHER DIRECTORSHIPS IN PUBLIC LISTED COMPANIES**

None.

#### **BOARD COMMITTEE MEMBERSHIP**

1. Board Nomination, Remuneration & ESOS Committee
2. Board Risk Committee
3. Board Procurement Committee
4. Change Committee

#### **ATTENDANCE AT BOARD MEETING IN 2018**

Attended all 13/13 meetings.

#### **ATTENDANCE AT PREVIOUS AGM**

Yes.

#### **OTHER INFORMATION**

Haji Abdul Rahman does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction of any offences over the past 5 years (other than traffic offenses, if any).

## Profile of BOD (Continued)



- Age: 67
- Gender: Male
- Date of Appointment: 28.02.2017
- Date of Last Re-election: 19.04.2018

### QUALIFICATIONS

- Fellow of the Association of Chartered Certified Accountants, UK
- A member of Malaysian Institute of Accountants
- Master of Business Administration, Universiti Kebangsaan Malaysia

## SUDIRMAN BIN MASDUKI

Independent Non-Executive Director

### WORKING EXPERIENCE

**Sudirman bin Masduki** began his career in 1977 as the Senior Treasury Accountant in the Accountant General Department Malaysia until 1996. He was then appointed as the Director of Finance in Inland Revenue Board (IRB) between 1996 to 2000. He joined Amanah Raya Berhad as the General Manager for Corporate Services until 2007. He was later appointed as Director of Accounts and Management Services Kumpulan Wang Persaraan (Diperbadankan) (KWAP) in 2007, and subsequently left KWAP in 2009. In 2011, Sudirman was appointed as the Chief Financial Officer of Percetakan Nasional (Malaysia) Berhad (PNMB) and hold the position until 2012.

### OTHER DIRECTORSHIPS IN PUBLIC LISTED COMPANIES

Nil.

### BOARD COMMITTEE MEMBERSHIP

1. Board Audit Committee
2. Board Nomination, Remuneration & ESOS Committee

### ATTENDANCE AT BOARD MEETING IN 2018

Attended all 13/13 meetings.

### ATTENDANCE AT PREVIOUS AGM

Yes.

### OTHER INFORMATION

Sudirman does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction of any offences over the past 5 years (other than traffic offenses, if any).



- Age: 60
- Gender: Male
- Date of Appointment: 20.11.2017
- Date of Last Re-election: 19.04.2018

#### **QUALIFICATIONS**

- Diploma in Land Survey, Universiti Teknologi Malaysia
- Bachelor of Applied Science Property Resource Management University of South Australia

## **DATUK MOHD RADZIF BIN MOHD YUNUS**

Independent Non-Executive Director

#### **WORKING EXPERIENCE**

**Datuk Mohd Radzif bin Mohd Yunus** comes from a diverse management background. He started career in academia as a lecturer in Universiti Teknologi Malaysia before following with a stint in an international consultancy firm. From here he joined the senior management of a financial institution and thereafter took up the position of Chief Executive Officer of a local conglomerate involved in diversified businesses. Being driven by his entrepreneurial spirit, Datuk Mohd Radzif ventured into his own business but he was soon back to serving a higher purpose when he was called to take up position of Chief Executive Officer of two pilgrimage fund companies, as part of the companies' turnaround exercise.

#### **OTHER DIRECTORSHIPS IN PUBLIC LISTED COMPANIES**

1. HeiTech Padu Berhad
2. CCM DuoPharma Berhad

#### **BOARD COMMITTEE MEMBERSHIP**

1. Board Nomination, Remuneration & ESOS Committee
2. Board Procurement Committee
3. Board Risk Committee
4. Board Audit Committee
5. Change Committee

#### **ATTENDANCE AT BOARD MEETING IN 2018**

Attended all 13/13 meetings.

#### **ATTENDANCE AT PREVIOUS AGM**

Yes.

#### **OTHER INFORMATION**

Datuk Mohd Radzif does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction of any offences over the past 5 years (other than traffic offenses, if any).

# Profiles of Senior Management



## **FARIS NAJHAN BIN HASHIM**

Group Chief Executive Officer

**Faris Najhan bin Hashim**, 52, was appointed as Group Chief Executive Officer (GCEO) on 3 February 2019. He holds a Bachelor of Economics (Majoring in Accounting) from University of Sydney, Australia.

Prior to joining Bina Darulaman Berhad, Faris has more than 25 years' experience as senior positions with listed companies as well as other non-listed companies. He has vast experience in strategic corporate planning, restructuring, turnaround, mergers and acquisitions as well as operations management in industries including construction, property development and telecommunications during his stint with the previous listed companies namely Ayer Molek Rubber Company Berhad, Mun Loong Berhad, Ho Hup Construction Company Berhad and other non-listed companies.

Faris is a Director of BDB subsidiary companies namely BDB Synergy Sdn Bhd and BDB Infra Sdn Bhd. He is also a member of Change Committee from 7 February 2019 until now.

Faris does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction of any offences over the past 5 years.





**MOHD ISKANDAR DZULKARNAIN  
BIN RAMLI**  
Chief Operating Officer

**Mohd Iskandar Dzul Karnain bin Ramli**, 35, was appointed as Chief Operating Officer (COO) on 1 December 2018 and the COO acted as Deputy in the absence of Group Chief Executive Officer. He was appointed as EXCO member on 3 December 2018 until 4 February 2019 and Change Committee member from 26 August 2018 until now. Iskandar holds a Bachelor of Accounting from International Islamic University Malaysia, and is a member of Malaysian Institute of Accountants, Institute of Internal Auditors Malaysia and Malaysian Association of Risk and Insurance Management.

Iskandar first joined Bina Darulaman Berhad (BDB) in 2014 as Head of Group Corporate Planning and Enterprise Risk Management (GCPERM), where his primary role is focusing principally to lead, monitor and coordinate the integrated business viability of Group's business strategy, assess the risk on new business opportunities such as commercial development, land development and corporate exercises and its execution. Commencing 16 March 2018, he was appointed as Head of Property Division until now.

Prior to BDB, Iskandar has served numerous companies including Khazanah Nasional Berhad Group of Companies, Kumpulan Perangsang Selangor Berhad, Sapuracrest Berhad and etc.

Iskandar's experience includes a broad range of strategic risk management, which has included Strategic Development Risk in reviewing Key Projects i.e. Malaysia-China Kuantan Industrial Park (MCKIP), Kuantan Port Expansion (KPE) and involved in Special Water Project Restructuring Program at the Government Statutory Body.

Iskandar is a Director of BDB subsidiary companies namely BDB Land Sdn Bhd and Kedah Holdings Sdn Bhd.

Iskandar does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction of any offences over the past 5 years.



**FAKHRUZI BIN AHMAD**  
Chief Financial Officer

**Fakhruzi bin Ahmad**, 43, holds a Bachelor of Business Degree majoring in Accounting from Monash University, Australia and he is a member of the Malaysian Institute of Accountants and CPA Australia.

Fakhruzi started his career with a medium sized accounting firm in Kedah in 1998. He joined the Company as Accounts Executive in 2001 and was later progressively promoted to various senior management positions. His last position was Group Financial Officer before re-designated as Chief Financial Officer on 1 December 2018. He was appointed as EXCO member on 16 March 2018 until 4 February 2019 and Change Committee member from 26 August 2018 until now.

Fakhruzi has extensive exposure in financial management with his working experience of over 14 years in managerial position of a listed corporation and primarily responsible for the corporate finance, treasury, taxation, financial reporting, budgetary controls and internal controls of the Group.

Fakhruzi is a Director of BDB subsidiary companies namely BDB Darulaman Golf Resort Berhad, BDB Leisures Sdn Bhd and BDB Hotels Sdn Bhd.

Fakhruzi does not have any family relationship with any Director and/or any major shareholder of the Company and has no conflict of interest with the Company. He has no conviction of any offences over the past 5 years.

## Profiles of Senior Management (Continued)

**MOHD SOBRI BIN HUSSEIN**, 52, holds a Bachelor of Engineering (Civil Engineering) from University of Wollongong, Australia. He joined BDB Synergy in 1994 as a site engineer.

Recognising his contribution to the BDB Group, Sobri was promoted as a General Manager in BDB Construction Sdn Bhd in January 2003. He managed the Company for one year and a half, then he returned to BDB Synergy as a General Manager in 2004. In 2011, he was transferred to BDB Infra as General Manager, in charge of the Company. Commencing 1 January 2014, he was appointed as an Executive Director of BDB Infra until now. He was appointed as EXCO member on 16 March 2018 until 2 December 2018.

Sobri is also a Director for BDB Construction Sdn Bhd and he has no conviction of any offences over the past 5 years.

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**TAHIR BIN MD ZIN**, 54, is an Engineer by qualification, where he obtained his BSc in Civil Engineering in 1986 from University California State University, Chico, California, USA. He joined the Group in 1997 when he was appointed as the Construction Manager in one of the Group subsidiaries, Kedah Sato Sdn Bhd, which is now known as BDB Synergy Sdn Bhd (BSSB). He was then promoted to the post of General Manager in 2004 to head BSSB.

Tahir was then transferred to Bina Darulaman Berhad (BDB) in 2005 to take a bigger role as the General Manager of Group Business Development. His vast experience in dealing with land matters and good rapport with local authorities had benefited the Group in achieving its strategic target and business planning. Tahir was promoted to assume the position of Executive Director of BDB Synergy Sdn Bhd on 1 January 2018 until now.

Tahir is also a Director for Darulaman Medical Centre Sdn Bhd and Aman Lagenda Sdn Bhd. He has no conviction of any offences over the past 5 years.

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**HASANAN BIN AHMAD MOKHTAR**, 47, holds a diploma in Mass Communication specialising in Marketing & Public Relations from the Institute of Public Relations Malaysia. He also holds a diploma in Hotel & Restaurant Management awarded through a joint program between American Hotel & Motel Association (AHMA) and Malaysian Hotels Association (MHA).

Hasnan's hospitality career spans over 30 years managing hotels in several resort destination in the country, involved in 3 pre-opening hotels, a rebranding exercise and providing consultancy services. He has also served with Tourism Malaysia and was attached to the Langkawi Tourism Action Council with its' sole purpose to promote and develop the tourism facilities and sites on the legendary island of Langkawi.

Hasnan was also appointed as a consultant and subsequently managed 2 hotels in London for a Malaysian Government Linked Company (GLC). Commencing 6 March 2019 he was appointed as Head of Leisure and Hospitality Division. He has no conviction of any offences over the past 5 years.

**KHAIRULMUNA BINTI ABD GHANI**, 48, is the General Manager, Group Corporate Services & Legal of the Company. Khairulmuna is involved in leading and managing the Group's Corporate Services & Legal Division. Her responsibilities include implementing legal requirements and compliance matters and procedures as well as review and advise the Board on the corporate governance and regulatory requirements.

Prior to her employment with the Company Khairulmuna has started her career as an Advocate & Solicitor of the High Court of Malaya in 1995. Khairulmuna then moved to BDB as in-house Legal Officer of the Company. She was appointed as Joint Company Secretary of BDB subsidiary companies in 2001. She was then promoted as Company Secretary of BDB in 2005.

Khairulmuna graduated with Bachelor of Laws from the International Islamic University, Malaysia in 1993. She is a licensed secretary with Suruhanjaya Syarikat Malaysia and Affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She has no conviction of any offences over the past 5 years.

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**ZAIDI BIN OSMAN**, 63, is a HR Leader of the Year Gold Award winner with over 39 years of working experience which encompasses both the public and private sector as well as an overseas assignment. Zaidi has been on the Executive Management Team of several multinational joint ventures where he has also had successful roles as Head of Human Resource Management.

Zaidi holds a Master of Management (Distinction), BA (Hons), Post Grad Diploma, Graduate Certificate in International Management (Merit), Certificate in Purchasing & Supply (Distinction). He is a member of Malaysian Institute of Management (MIM). He also attended INSEAD Business School program. He has no conviction of any offences over the past 5 years.

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**ROSLINA BINTI SHAARI**, 52, started her career as a Graduate Trainee at Island & Peninsular Berhad (I&P) in 1990. During her 16 years tenure with I&P she has fulfilled a range of responsibilities including 4 years in the Finance and Accounts Department. Her last position was Internal Audit Manager.

In April 2006, Roslina joined Naza Automotive Manufacturing Sdn Bhd in Gurun, Kedah and assisted to set up the Internal Audit Department. She served the company for 10 years. She is currently serving as the Head of Corporate Assurance, Bina Darulaman Berhad, since March 2017.

Roslina holds an Executive Master of Business Administration from Universiti Teknologi MARA (UiTM) and a degree in Business Administration majoring in Accounting from Temple University, Philadelphia, USA. She has no conviction of any offences over the past 5 years.



# Board of Directors' Statement

## Dear Valued Shareholders,

On behalf of the Board of Directors (the Board), I hereby present the Annual Report and Financial Statements of Bina Darulaman Berhad (BDB or the Group) for the financial year 2018.

### OVERVIEW

The year 2018 has been a challenging one for the Group given the developments in the local and global economic environment. Malaysian gross domestic product (GDP) grew at 4.7% in 2018, lower than the 5.9% growth in 2017. Public expenditure recorded a slower growth following initiatives taken by the government to review and reprioritise expenditure as well as lower capital spending.

In addition, BDB also lost its Group Managing Director (GMD) Dato' Izham bin Yusoff who passed away on 13 March 2018. The Board then re-activated the Executive Committee (EXCO) as to ensure business continuity and operations of the Group. The EXCO

members and functions are described in page 64 of the Annual Report. At the same time, the Board embarked on recruiting for a Group Chief Executive Officer to ensure continuation of BDB operations.

The Board then appointed PricewaterhouseCoopers Advisory Services Sdn Bhd (PwC) as an independent consultant for the purpose of carrying out a high-level financial and operational assessment for the Group with the aim of developing an operational recovery plan (Recovery Plan).

Following this, the Board then decided to establish a Change Committee (the Committee) which was aimed to assess and oversee the management's effort to deliver a turnaround performance. The Committee also ensured alignment of financial and non-financial impact and benefits generated by the recovery plan.

The Board also has evaluated and approved immediate cost optimization initiatives under the Recovery Plan.

## **CORPORATE SOCIAL RESPONSIBILITY**

BDB will continue to play its role in carrying out various corporate social responsibility programmes aimed at benefitting the community at the whole and in particular the less fortunate and the needy. This aspect is something which BDB has been emphasising over the past years and we will continue to do so. We are committed towards supporting socially responsible initiatives apart from setting sustainable standards. Our commitment to CSR also includes caring for the development and also

well-being of our employees apart from enriching the lives of the local community.

## **CORPORATE GOVERNANCE**

It has always been BDB's policy to subscribe to uphold the principals of good corporate governance and this will surely continue. It is our belief that this is the only platform in ensuring sustainable enhancement of the shareholders' value. Our practices are set out in our Statement of Corporate Governance (on pages 47 to 63) There were no sanctions and/or penalties imposed on the Company and subsidiaries, directors or management by the relevant regulatory authorities.

## **RELATED PARTY TRANSACTIONS**

Except for those disclosed in Note 27 to the Financial Statements, there were no material contracts involving either the major shareholders or any of the Directors.

## **ACKNOWLEDGEMENTS**

On behalf of the Board, I wish to convey my thanks to the former Chairman, Dato' Paduka Haji Rasli bin Basir, who retired on 31 December 2018, for his contributions to the Group during this challenging period. For this, we express our appreciation to him.

We also take the opportunity to welcome Encik Faris Najhan bin Hashim as the Group Chief Executive Officer whose knowledge and experience will continue to steer the Group forward.

We too would like to record our deepest gratitude to the management and staff of BDB Group of Companies for their dedication and commitment to the Group.

Our sincere appreciation and gratitude also to the shareholders, various government agencies, clients, consultants, financiers, contractors, suppliers and business partners for their continuous support and confidence in BDB.

Finally, I believe that with strong effort and commitment from the Board, management and the employees, BDB will be on the recovery track towards achieving better results and success in the future. It is my aim that BDB will overcome all obstacles and rise towards greater heights.

Thank you

**Dato' Asri bin Hamidin @ Hamidon**  
Senior Independent Director

Our financial standing remains strong with assets totalling RM745 million and net tangible assets per share of RM1.51. Total equity stands at RM458.7 million and cash reserve stands at RM60.2 million. Debt-to-equity ratio remains healthy at 0.34.

**FARIS NAJHAN BIN HASHIM**  
Group Chief Executive Officer

# Management Discussion and Analysis



## TREND AND EVENTS

The overall property market remained soft in 2018. Kedah is amongst the states with high number of property overhang in Malaysia. The cautious consumer sentiments coupled with stringent financing requirement contributed to the year 2018 (FY2018) being a challenging one for Bina Darulaman Berhad (BDB or the Group).

## FINANCIAL HIGHLIGHTS

For the year 2018, the Group registered revenue of RM203.4 million, a decrease of 19% from RM251.7 million posted in 2017. The Group recorded loss before tax of RM39.3 million compared to RM10.9 million loss before tax last year. Our financial standing remains strong with assets totalling RM745 million and net tangible assets per share of RM1.51. Total equity stands at RM458.7 million and cash reserve stands at RM60.2 million. Debt-to-equity ratio remains healthy at 0.34.

## KEY OPERATIONAL HIGHLIGHTS

### Property Development

The Property Division recorded lower revenue of RM44.1 million as compared to RM81.4 million in 2017. This was because of the continued softness in Kedah's property market. The Division recorded loss before tax of RM35.8 million for the year compared to RM29.6 million in 2017. The decrease in the revenue for the year was a reflection of the division's restrained approach to the development of Bandar Darulaman and Darulaman Perdana townships.

The continued stringent requirement for housing loan approval that limits



customers' access to gain their desired funding also negatively affected the revenue. Nevertheless, BDB Land Sdn Bhd continued to launch properties in Bandar Darulaman, Darulaman Perdana and Darulaman Utama in 2018 whilst Kedah Holdings Sdn Bhd launched its pocket development projects in Kuala Kangsar, Perak and Bandar Sejahtera Pokok Sena, Kedah.

### Road Building and Quarry

The Road Building and Quarry Division recorded lower revenue of RM84.4 million compared to RM101.4 million in the previous year. Similarly, profit contribution decreased from RM13.3 million in 2017 compared to RM5.6 million this year due to the lower revenue and higher production costs.

Besides supply of premix and aggregates from Pendang and Kulim

## Management Discussion and Analysis (Continued)



plants, the division focused on its on-going road pavement works and also irrigation project from the Agriculture and Agro-based Industry Ministry.

In June 2018, the Division secured an extension of contract worth RM70 million for another year upon completion of its 3-year state road maintenance project for all 6 districts in Kedah.

### **Engineering and Construction**

The Engineering and Construction Division contributed higher revenue of RM63.8 million compared to RM58.7 million in 2017, mainly due to higher progress billings from its external projects. Despite higher revenue, the division recorded slightly lower profit of RM3.1 million compared to RM3.2 million in 2017 mainly due to lower margins from its on-going projects.

During the year the division completed several in-house projects and also

an access road project to Litar lumba Sungai Petani.

### **Leisure and Hospitality**

The Leisure Division recorded higher revenue of RM9.6 million compared to RM7.7 million in 2017, due to the opening of a water theme park. However, the Division recorded higher loss before tax of RM4.7 million compared to RM2.6 million due to the higher marketing and operating costs.

### **People Management and Development Initiatives**

The Group is helmed by a highly qualified management team with vast experience in the industries we operate. Throughout the year, BDB continued to focus on talent retention, development and succession planning as part of its internal strategy to ensure business sustainability. We have continued to emphasise talent





management as being pivotal to the Group's long-term success.

More details of our talent initiatives are provided in the Sustainability Statement of this Annual Report.

## OUTLOOK FOR 2019

The Malaysian gross domestic product (GDP) grew at 4.7% in 2018, lower than the 5.9% growth in 2017. The Malaysian Institute of Economic Research has predicted the Malaysian economy to grow at moderate pace in 2019 similar to the global economy. There are growing risks to the global growth tilted to the downside, predominantly due to factors related to trade policy uncertainty and weakening financial market sentiments.

Domestic demand is expected to grow by 5.1%, underpinned by a robust albeit slower growth in private consumption at 6.4%. Consumers are most likely to

go for cautious spending due to the concern of the high cost of living, although prices are under control and household debt burden is declining. Public consumption is projected to grow modestly at 1.5%, partly due to the government policy on cautious spending in the effort to address the issue of high public debt and at the same time experiencing reduced revenue without the goods and services tax (GST). The government is anticipated to enhance fiscal stimulus to boost growth as easy money would intensify capital reversal following the monetary policy normalization among developed economies.

Recently, the Federal Government had announced two major infrastructure initiatives namely the RM1.6 billion Kulim International Airport project and a new highway linking Sungai Petani and Bandar Baharu, both in Kedah. This will boost economic activities in Kedah and provide opportunities to the Group's core businesses.

## PROSPECTS

### Property Development

The domestic property market is projected to remain soft in 2019, as the issues of oversupply in certain segments and tighter lending are expected to continue to plague the market. According to the Valuation and Property Services Department's (JPPH) latest figures, the number of unsold completed residential units rose from 20,304 units to 30,115 units year-on-year as at 30 September 2018. This represents an increase of 48.35%. Meanwhile, the total value was RM19.54 billion, representing a 56.44% jump from RM12.49 billion a year ago.

In the medium term, the Group expects a positive contribution to the property development division from the Kulim International Airport project and the new Sungai Petani - Bandar Baharu highway. The Group is currently taking stock of the new developments and gearing up its resources to benefit from the said projects.

This warrants the division to remain agile in its strategies and action plans. The division will be focusing on clearing its inventory, the available units in Bandar Darulaman, Darulaman Perdana and Kuala Kangsar. Besides, the division would continue to introduce new and innovative products that match the market's requirements.

As part of the strategy for long term sustainability, BDB Land Sdn Bhd will continue to offer quality living in its integrated townships in Bandar Darulaman, Darulaman Perdana and Darulaman Utama. Pocket commercial developments is to be introduced within BDB's townships to enhance the lifestyle of the communities.

## Management Discussion and Analysis (Continued)

Kedah Holdings Sdn Bhd will continue to focus on its pocket developments in Kuala Kangsar, Pokok Sena and Serdang, Kedah.

As at the end of the year, the Group has approximately 2,000 acres of undeveloped landbank for future development.

### Road Building and Quarry

Road Building and Quarry Division is expected to remain stable based on the current demand for quarry products from the Bukit Perak Quarry and Kulim Premix Plant.

The division will continue to increase its market share in the supply of premix products in Southern Kedah, Penang and Northern Perak. The division is expected to secure more sizeable projects that include the contract renewal of road maintenance works across the state of Kedah. The division will continue to pursue routine highway maintenance and upgrading works from highway concessionaires and also road pavement works from private sectors.

The division's proven track record in road building, amongst others Trans Eastern Kedah Interland Highway, Penang Second Bridge, Jitra - Bukit Kayu Hitam North South Highway and quarry business will position the Group to bid for upcoming large-scale projects.

### Engineering and Construction

The Engineering and Construction Division will focus on completing and delivering all ongoing projects within the scheduled time and quality. The division which has a proven track

record of constructing Sultan Abdul Halim Airport, Alor Setar and Langkawi International Airport is poised to benefit from the new infrastructure initiatives. In addition, the division will continue to support the property division in constructing houses. Prospective projects are constantly identified that will enable the division to remain a key contributor to the Group.

### Leisure and Hospitality

The market for the Leisure and Hospitality Division is expected to remain competitive and challenging. The division will focus on sales enhancement and cost improvement.

### GROUP BUSINESS RECOVERY PLAN

Despite the challenging environment, the Group is currently consolidating the Recovery Plan focusing on:

- a) Optimising and strengthening cash flow position
- b) Consolidating the business portfolio
- c) Optimising the cost management

### Optimising and strengthening cash flow position

- The Group continued focusing on cash management to support business operation and new opportunities. Our activities and financial results reflected the Group's more prudent development approach where we continued to pace new launches and focus more on elevating the

Group's competitive strengths and solidifying our presence within the affordable residential segment.

- For the other business sectors, the Group continued to prioritise planned expenditure without compromising on the quality of our products and services.

### Consolidating the business portfolio

- In 2018, consolidating and analyzing the gaps for internal business stream and projects measures was carried out. Following this, enhancing subsidiaries core operational business matters and other options are currently being implemented with the aim to create sustainable businesses.

### Optimising the cost management

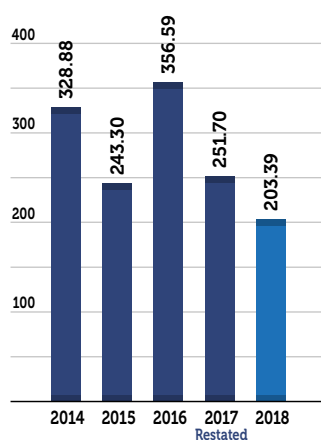
- Cost optimisation initiatives under the Recovery Plan have been implemented since the second quarter of 2018.
- Rationalising and optimising all expenditure through cost benefit analysis to improve financial and operational performances.

### DIVIDEND

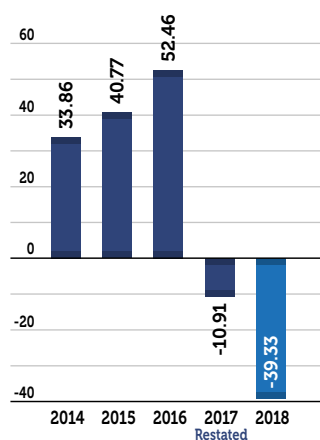
The Group's ability to pay out dividends is based on its profitability, financing commitments, capital expenditure requirements and its long-term strategic plans for cash conservation as well as to drive future growth plans. Given the Group's financial performance, no dividend was declared by the Board for FY2018.

# 5 Years Group Financial Highlights

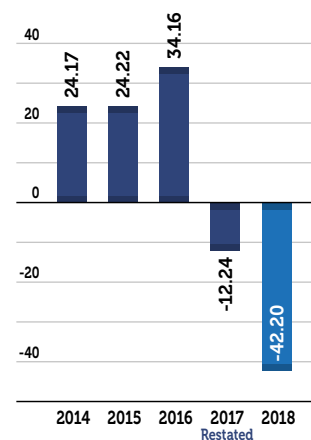
		2014	2015	2016	2017 Restated	2018
Revenue	(RM'000)	328,879	243,296	356,586	251,707	<b>203,390</b>
Profit/(Loss) Before Taxation	(RM'000)	33,862	40,766	52,456	(10,910)	<b>(39,334)</b>
Net Profit/(Loss) Attributable to Owner of The Company	(RM'000)	24,168	24,216	34,162	(12,244)	<b>(42,204)</b>
Share Capital	(RM'000)	72,816	303,855	303,855	331,020	<b>331,020</b>
Earnings Per Share	(Sen)	16.60	8.35	11.24	(4.03)	<b>(13.89)</b>
Shareholders' Funds	(RM'000)	284,290	514,991	526,783	500,870	<b>458,662</b>
Net Tangible Assets Per Share	(RM)	3.90	1.69	1.74	1.65	<b>1.51</b>
Dividend Per Share	(Sen)	3.50	4.00	4.50	Nil	<b>Nil</b>
Dividend Payment (Net)	(RM'000)	10,635	12,154	13,673	Nil	<b>Nil</b>
Total Assets	(RM'000)	959,666	983,380	1,084,293	789,864	<b>745,010</b>
Total Borrowings	(RM'000)	311,440	311,314	355,169	161,255	<b>156,651</b>



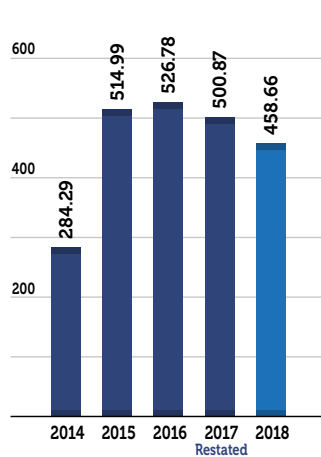
**Revenue**  
(RM Million)



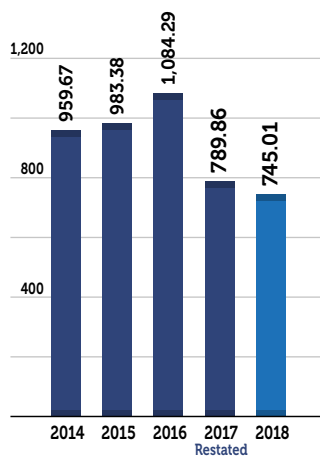
**Profit/(Loss) Before Taxation**  
(RM Million)



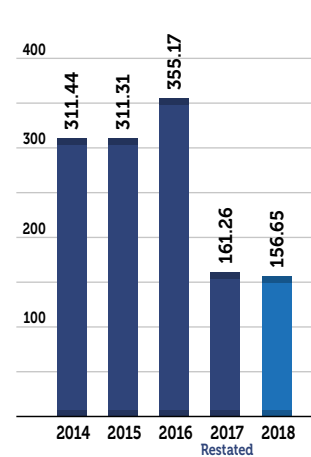
**Net Profit/(Loss)**  
(RM Million)



**Shareholders' Funds**  
(RM Million)



**Total Assets**  
(RM Million)



**Total Borrowings**  
(RM Million)

# Financial Calendar

<b>FINANCIAL YEAR END</b>	<b>31.12.2018</b>
<b>ANNOUNCEMENT OF RESULTS</b>	
• First Quarter	<b>22.05.2018</b>
• Second Quarter	<b>21.08.2018</b>
• Third Quarter	<b>30.11.2018</b>
• Fourth Quarter	<b>28.02.2019</b>
<b>NOTICE OF ANNUAL GENERAL MEETING</b>	<b>02.04.2019</b>
<b>ANNUAL GENERAL MEETING</b>	<b>25.04.2019</b>

## Share Price Movement

**BINA DARULAMAN BERHAD**

Period: 21 March 2018 until 21 March 2019



### SUMMARY

Highest price during this period : **RM0.52 on 12 May 2018**  
 Lowest price during this period : **RM0.30 on 03 Jan 2019**  
 Highest volume during this period : **962,700 on 21 March 2019**

# Corporate Social Responsibility Activities & Corporate Events

## QUARTER 1 / 2018

### GRAND LAUNCH FANTASIA AQUAPARK

30 January 2018



### PROGRAM ZAKAT @ JERLUN

4 February 2018



### KEMBARA BDB @ PARLIMEN JERLUN

4 February 2018



# Corporate Social Responsibility Activities & Corporate Events

(Continued)

## OPEN HOUSE AT THE BREEZE

– BY BDB LAND

10 February 2018



## CHINESE NEW YEAR OPEN HOUSE IN DARULAMAN PERDANA

– BY BDB LAND

17 February 2018



**QUARTER 1 / 2018**

**PROGRAM ZAKAT @  
DUN BAYU**

6 March 2018



**PROGRAM ZAKAT @  
DUN BANDAR BAHARU**

25 March 2018



**KEMBARA BDB @  
DUN BANDAR BAHARU**

25 March 2018



# Corporate Social Responsibility Activities & Corporate Events

(Continued)

## PROGRAM ZAKAT @ SERDANG

25 March 2018



## QUARTER 2 / 2018

## PROGRAM ZAKAT @ PENDANG

5 April 2018



## DGRB 24TH ANNUAL GENERAL MEETING

12 April 2018





## QUARTER 2 / 2018

### NFDP FOOTBALL CLINIC AT SMK TUNKU ANUM, JITRA

– BY BDB LAND

13 April 2018



### AXIS COMERCIAL HUB GROUNDBREAKING CEREMONY & MOU SIGNING BETWEEN BDB LAND & ANCHOR RETAILERS

16 April 2018



### MAJLIS PENYERAHAN DAN AGIHAN ZAKAT SERTA PENTAULIAHAN AMIL

17 April 2018



# Corporate Social Responsibility Activities & Corporate Events

(Continued)

## BDB 23RD ANNUAL GENERAL MEETING

19 April 2018



## LAUNCHING OF SIMFONI WEST

– BY BDB LAND

5 May 2018



## PROGRAM ZAKAT @ ALOR SETAR

16 May 2018



## QUARTER 2 / 2018

### BDB LAND OPEN HOUSE RAYA AT DARULAMAN PERDANA

– BY BDB LAND

23 June 2018



### BDB EXTREME JITRA 2018

30 June 2018



# Corporate Social Responsibility Activities & Corporate Events

(Continued)

## QUARTER 3 / 2018

**VISIT BY KEDAH EXCO MEMBER TO KOMPLEKS SUKAN BERMOTOR (LITAR LUMBA KEDAH)**  
– BY BDB SYNERGY

3 July 2018



**WORLD ENVIRONMENT DAY**

6 July 2018



**BADABOOM CONTEST DRAW 1**

– BY BDB LAND

14 July 2018



## QUARTER 3 / 2018

### AN EVENING WITH THE BREEZE

– BY BDB LAND

29 July 2018



### NFDP FOOTBALL CLINIC AT SEKOLAH KEBANGSAAN MERGONG, ALOR SETAR

– BY BDB LAND

17 August 2018



# Corporate Social Responsibility Activities & Corporate Events

(Continued)

## SUMBANGAN LEMBU KORBAN SEMPENA HARI RAYA AIDILADHA

18 AUG 2018



## KEMBARA MEDIA LANGKAWI 2018 – BY BDB LEISURES

8 September 2018



## QUARTER 4 / 2018

### BACK TO SCHOOL 2018

19 November 2018



### COURTESY VISIT BY SULTANAH OF KEDAH AT DARULAMAN SANCTUARY, LANGKAWI

1 December 2018



### BDB MASTERS 2018

7 December 2018



# Corporate Social Responsibility Activities & Corporate Events

(Continued)

## BDB CHARITY GOLF 2018

9 December 2018



## VISIT BY KEDAH MB TO PPR AYER HITAM – BY BDB SYNERGY

15 December 2018



## MAJLIS PENYERAHAN ZAKAT PERNIAGAAN BERSAMA SYARIKAT KORPORAT

27 December 2018





# Corporate Governance Statement

The Board of Directors (“Board”) of Bina Darulaman Berhad (“the Company” or “BDB”) has always been proactive and committed to promote good corporate governance practices. The Board always believes that a strong corporate governance is essential in enhancing shareholders’ value for long-term sustainability and growth.

This statement sets out the principles and features of BDB Group’s corporate governance framework and key governance practices. We do not see governance as just a matter for the Board. Good governance is also the responsibility of senior management and all employees.

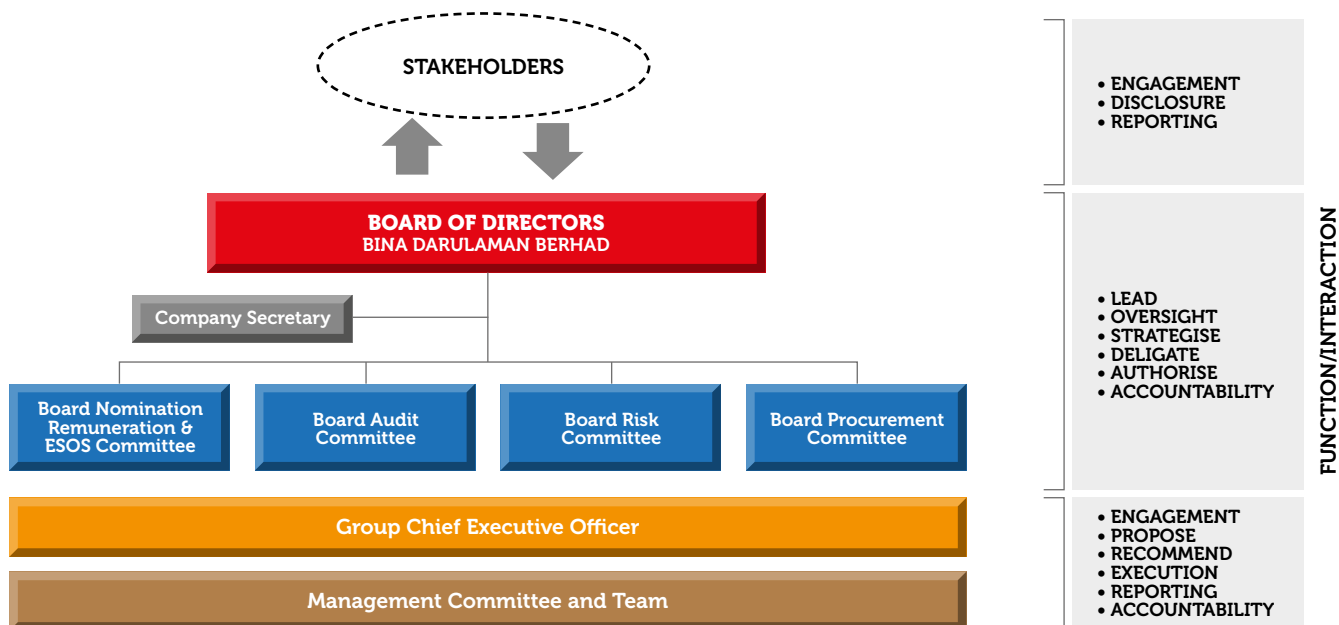
We benchmark the statement against the Malaysian Code on Corporate Governance 2017 (New CG Code) on 26 April 2017 and is committed to ensure that the principles and best practices set out in the new Code are understood, applied and reported.

In reference to 2017 CG Statement, we will continue our efforts in evaluating its governance practices, in response to evolving best practices and the changing needs of BDB. In brief, BDB has applied the three (3) principles which are set out in the New CG Code:

- A. Board leadership and effectiveness;
- B. Effective audit and risk management; and
- C. Integrity in corporate reporting and meaningful relationship with stakeholders.

## CORPORATE GOVERNANCE STRUCTURE

As an overview, BDB has the following corporate governance structure. It explains how BDB’s structure facilitated the role and function at each level, a two-way interaction between the Board, the Board Committees and the Group Chief Executive Officer, down to the management and operational level. At the same time, the actions, execution of plans, reporting and accountability will flow back upwards to the Board for further evaluation and decision.



## Corporate Governance Statement (Continued)

Due to the demise of the Group Managing Director on 13.3.2018, the Board had on 16.3.2018 approved the re-activation of Executive Committee (“EXCO”) as delegation authority from the Board to assist the Management to decide on important and urgent issues, day-to-day operations and other business dealings until a new Group CEO is appointed.

The EXCO comprises the following members:

1. Haji Abdul Rahman bin Abdullah (Chairman)
2. Encik Mohd Sobri bin Hussein (Member) (Resigned on 2 December 2018)
3. Encik Fakhruzi bin Ahmad (Member)
4. Encik Mohd Iskandar Dzulkarnain bin Ramli (Member) (Appointed on 3 December 2018)

Key responsibilities of the EXCO are as follows:

- To implement all policies and decisions approved by the Board and to assist the Board in formulating and implementing strategic plans to the Group;
- To review the performance of the Group’s operating units and set the key performance indicators for the Board’s approval;
- To review and approve the terms and conditions in relation to new business dealings, joint ventures and etc. of the Group;
- To approve any expenditure which exceeds the authorised limit of the Group, but below the limit of the Board as stipulated in Delegated Authority Limit (“DAL”);
- To review and approved the acceptance of the Letter of Award for projects awarded to Bina Darulaman Berhad and Subsidiary Companies for the purpose of preparing the immediate announcement to Bursa Malaysia Securities Berhad (“Bursa Securities”);
- Any other matters that require the EXCO’s approval.

A brief description of the Board Committee and its roles and responsibilities is stated in this CG statement as well as the Board Charter and the Terms of Reference where these documents are available on the Company’s website [www.bdb.com.my](http://www.bdb.com.my).

### COMPLIANCE WITH THE NEW CG CODE 2017

BDB has complied with the provisions and applied the main principles of the CG Code for the financial year ended 31 December 2018 (“FYE 2018”) including:-

- (a) Practice 7.1 (The Board discloses on a named basis the detailed remuneration of individual directors).
- (b) Practice 7.2 (A step up practice whereby the Board discloses on a named basis the top 5 senior management’s remuneration in bands of RM50,000).

BDB is a “Non-Large Company” of the CG Code, we have taken best effort. However, we continue to strive for even the step-up practices. We consider we have complied with the provisions and applied the main principles of the CG Code for the financial year 2018 (“FYE 2018”) except for:-

- (a) Practice 4.5 (The Board must have at least 30% of women directors).

The CG Report checklist is available on the Company website: [www.bdb.com.my](http://www.bdb.com.my) under Investor Relations section.

## **PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS**

### **Board Responsibilities**

The Board has a primary role and function to protect the interest of BDB and to provide thought leadership and advice in fine tuning corporate strategies, championing good governance and ethical practices and execution of these corporate strategies and plans for the long-term success of BDB.

The Board is responsible for the corporate governance practices that include establishing and monitoring the company's business direction as well as setting the aims and performance of the Management.

With regard to practice, the Board plays a strategic role in its review and approval of the Group's budgets and performance targets to ensure effective use of the Group's resources and profitability of the Group's businesses in an ever-changing environment.

The Board is responsible for establishing and reviewing the strategic direction of the Group. The Board also oversees and evaluates the conduct of the Group's businesses, identifies the principal risks and ensures that the risks are properly managed. In ensuring that the policies and procedures are duly implemented in the Group's operation, the Board is tasked with reviewing the adequacy of the internal control reporting statement through Board of Audit Committee.

The Board is also responsible to monitor Turnaround Recovery Plan through Change Committee ("CC"). The CC is set up to ensure policies, budget, financial performance and Turnaround Plan initiatives are followed through and implemented as approved.

### **Board Charter**

There is a demarcation of responsibilities between the board, board committees and management. The Board Charter sets out the roles, responsibilities, composition, operation and processes of the Board of Directors. It serves to guide the Board members in discharging their duties and responsibilities diligently and effectively always. The Board Charter covers inter alia, the objectives, Role of the Board, Composition and Board balance, appointment and re-election, Board Committee's function and role, Financial Reporting, Directors Remuneration, Training, Investors communication and Code of Ethics and Conduct. The Board Charter was adopted by the Board in May 2015 and was reviewed on 17 March 2019 for enhancement.

The Board Charter is available online at [www.bdb.com.my](http://www.bdb.com.my).

### **Code of Conduct and Ethics ("the Code of Conduct")**

In the previous year, the Board has been guided by the Directors Code of Conduct. Following the new CG Code 2017 recommended that a group wide Code of Conduct to be introduced. The Board has adopted the Code of Conduct and Ethics in 2018 to promote and exemplify the Company's commitment in upholding the highest standards of business conduct and ethical behaviours that are fundamental to the preservation of the reputation and success of the Company and its subsidiaries. The Code of Conducts and Ethics is applicable to all directors, management and employees of the Company (the officer).

The provisions of the Code of Conduct are in addition to, and not in substitution for, any obligation imposed upon an officer by agreement, law or regulation.

## Corporate Governance Statement (Continued)

The principles of the Code of Conduct of the Group will guide the directors, management and employees of the Company to exercise reasonable judgement when conducting the Company's business. It serves as a set of guiding principles for all employees in carrying out their duties of the Company.

A copy of this Code of Conduct can be found on the Company's website at [www.bdb.com.my](http://www.bdb.com.my).

### Whistle Blowing Policy

BDB and its Board of Directors are committed to upholding lawful and ethical behaviors in all its activities and require its employees to act in accordance with all applicable laws, regulations and policies and to observe high standards of business and personal ethics in the conduct of their duties and responsibilities.

In March 2018, the Board has reviewed and revised its Whistle Blowing Policy based on the Company's values and principles of integrity, honesty, accountability, responsibility and corporate social responsibility.

This policy mainly is to:

- a. Support the Company's commitment for good corporate governance and practices;
- b. Ensure employees can raise genuine concerns without fear of suffering retribution; and
- c. Provide a transparent process for dealing with concerns.

The Company encourages all genuine report of grave concerns with adverse impact on the Company, focusing on the following categories:

**(a) Illegal or unlawful conduct**

Conduct may be illegal or unlawful in terms of the laws of Malaysia and international law such as theft, fraud, corruption, bribery, insider trading or blackmail and therefore constitute reportable misconduct.

**(b) Un-procedural conduct**

Conduct may be un-procedural if it violates clearly communicated procedures (in the form of policies, regulations or rules) governing the operations. For examples: non-factual or misleading disclosure such as financial reporting, failure to comply with legal or regulatory obligations, circumvent or not following approved accounting practices and internal control guidelines and related matters.

**(c) Unethical conduct**

Conduct may be unethical if it undermines the Company's core ethical values, such as integrity, respect, honesty, responsibility, accountability, fairness or activities that are not in line with the Company's value and policy for example sexual harassment and engaging in activities that are endangering the health or safety of fellow employees.

**(d) Wasteful conduct**

Conduct may be wasteful if available resources are used in a wasteful manner that would result in significant adverse impact or material financial loss to the Company.

A copy of BDB's Whistle Blowing Policy and Procedures is available on the Company's website at [www.bdb.com.my](http://www.bdb.com.my).

BDB welcome genuine concern and invite whistleblower to email at: [whistleblower@bdb.com.my](mailto:whistleblower@bdb.com.my); or in writing to the Whistleblowing Committee at the following address: - Level 9, Menara BDB, 88 Lebuhraya Darulaman, 05100 Alor Setar, Kedah.

There is no complaint received for the Financial Year 2018.

## Board Composition

In our mission to ensure an effective team and compliance with regulatory requirements, the Board size will continuously be reviewed and if necessary, improvements will be made.

Currently, the Board comprises of four (4) members, all of whom are Non-Executive Directors ("NED"). Amongst the Non-Executive Directors, three (3) are Independent Directors ("ID"). The Chairman position is vacant due to retirement based on contract and the Senior Independent Director presides the Directors meetings. This provides an effective check and balance of the Board's function and is in compliance with the Listing Requirements which require at least two (2) directors or one-third (1/3) of the Board to be independent.

The Board meets every quarter with additional meetings convened as and when necessary. For the financial year ended 31 December 2018, thirteen (13) Board Meetings were held and details of attendance of each member of the Board are stated below.

Name of Director	BOD	BAC	BNREC	BRC	BPC
Dato' Paduka Haji Rasli bin Basir (Chairman) - retired on 31.12.2018	13 / 13 (100%)	n/a	n/a	n/a	n/a
Haji Abdul Rahman bin Abdullah (Non-Independent Director)	13 / 13 (100%)	n/a	13 / 13 (100%)	7 / 7 (100%)	n/a
Dato' Asri bin Hamidin @ Hamidon (Senior Independent Director)	10 / 13 (76.9%)	2 / 6 (33.3%)	9 / 13 (69.2%)	6 / 7 (85.7%)	4 / 4 (100%)
Sudirman bin Masduki (Independent Director)	13 / 13 (100%)	6 / 6 (100%)	13 / 13 (100%)	n/a	n/a
Datuk Mohd Radzif bin Mohd Yunus (Independent Director)	13 / 13 (100%)	6 / 6 (100%)	13 / 13 (100%)	7 / 7 (100%)	4 / 4 (100%)

### Note:

*Dato Asri bin Hamidin @ Hamidon absent with apologies detailed as mentioned above.*

### Abbreviations

n/a	Not Applicable
BOD	Board of Directors
BAC	Board Audit Committee
BNREC	Board Nomination, Remuneration & ESOS Committee
BRC	Board Risk Committee
BPC	Board Procurement Committee

## Board Balance and Independence

The Board believes that its present composition constitutes an optimal size for the Group's current business profile, which is appropriate to lead the Group effectively on its future thrust for business growth. The Board's composition consists of qualified individuals with a broad base of financial knowledge, experience and technical skill necessary in the management and direction of the Group.

Although all the Directors have equal responsibilities for the Group's operations, the roles of the Independent Directors are particularly important in bringing independent judgement and ensuring all issues proposed by the executive management

## Corporate Governance Statement (Continued)

are fully discussed and examined to consider the long-term interests, not only of the shareholders, but also of other stakeholders such as the employees, customers and business associates.

### Independence

There is no specific definition for independent director except those criteria outlined in the Main Market Listing Requirements (“MMLR”). BDB has always been adhering to maximum limit of nine (9) years as stated in MMLR. As of now, none of BDB independent directors has reached nine (9) years cumulative term as independent directors. This practice has been adopted as the new policy of BDB upon approval by the Board in 2018.

### Board Gender Diversification

The Board has always placed gender diversity as an agenda in strengthening the performance of its Board and/or Board Committees. Notwithstanding this, the Board is of the view that while it is important to promote gender diversity, the normal selection criteria of a Director to have an effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience, track records and capabilities.

The Board recognises the challenges in achieving the right balance of diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges to the Company over time. The Board will continuously search for additional women candidate in its recruitment exercise.

### Board Appointments

There is a transparent process for the selection, nomination and appointment of suitable candidates to the Board of BDB.

The Board Nomination, Remuneration & ESOS Committee (“BNREC”) has been empowered to review the candidates include review of existing composition of Board to identify the gaps based on BDB’s board composition framework and subsequently review and recommend to the Board a candidate with relevant skill set, expertise and experience to fill in the gaps.

The process adopted by BDB for Board appointment is as follows:

- Step 1 : identify suitable candidate
- Step 2 : shortlisted candidates
- Step 3 : evaluation of suitability of candidate through psychometric assessment conducted by independent party
- Step 4 : background checking/meet the shortlisted candidates
- Step 5 : final deliberation by the BNREC
- Step 6 : recommend to the Board
- Step 7 : Board decision

### Board Induction/Orientation Programme

Each new Board member participates in a formal Board Induction Programme co-ordinated by the Company Secretary together with Chief Operating Officer (“COO”) and Chief Financial Officer (“CFO”).

The Board Induction Programme include in-person presentation with the Senior Management with the objectives of providing newly appointed Directors with the necessary information and overview to assist him/her/them in understanding

the operations of the Company, current issues deliberated at Board, financial achievement, corporate strategies, challenges as well as the structure and management of the Company.

There is no new appointment of the director for the Financial Year 2018.

### Re-Appointment and Re-Election of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors or if the number is not a multiple of three (3) then the number nearest to one-third (1/3), shall retire from office at each Annual General Meeting (AGM) of the company. All retiring Directors can offer themselves for re-election. The Directors to retire at the AGM in each year are the Directors who have been longest in office since their appointment or re-election.

In accordance with the Company's Constitution, Director newly appointed during the year must offer himself to the shareholders for re-election at the first AGM following his appointment.

The Company's Constitution further provides that all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election.

At the forthcoming AGM, the two (2) Directors who will be retiring by rotation are Dato' Asri bin Hamidin @ Hamidon and Haji Abdul Rahman bin Abdullah. All of them, being eligible, offer themselves for re-election.

### Board's Contract for Service

The renewal of Board's contract is by way of Letter of Renewal and Board's assessment conducted by BNREC members prior to the expiry date of the contract.

### Board Meetings

The Board Annual Calendar for Board meetings ("The calendar") is fixed for the whole year in advance. The calendar for board meetings consists of scheduled dates for meetings of the Board including Board Committees meetings and AGM. The calendar providing major items on the agenda for each meeting and trading by directors during the closed period. The calendar is to enable the Board and management to plan ahead and ensure the Board meetings are pre-booked in their respective schedules.

The overall calendar of meetings of the Board and Board Committees held in Year 2018 is provided below:

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board	•Full	*01/2018	*02/2018 *03/2018	*04/2018	•Full	*05/2018	-	•Full *06/2018	*07/2018	•Full *08/2018	*09/2018	-
BAC		•Full	*01/2018	-	•Full	-	-	•Full	-	•Full	-	-
BNREC	•Full	-	•Full	*01/2018	•Full *02/2018 *03/2018	-	*04/2018	•Full *05/2018	*06/2018	•Full *07/2018	*08/2018	-
BRC	•Full	-	-	*01/2018	•Full	-	*02/2018	•Full *03/2018	-	•Full	-	-
BPC	•Full	*01/2018	*02/2018	-	-	-	-	-	-	•Full	-	-

## Corporate Governance Statement (Continued)

### Abbreviations /Symbol:

- Full Board & Committee Meetings
- \* Special Board & Committee Meetings
- Board Board of Directors' Meeting
- BAC Board Audit Committee Meeting
- BNREC Board Nomination, Remuneration & ESOS Committee Meeting
- BRC Board Risk Committee Meeting
- BPC Board Procurement Committee Meeting

### Total number of Meetings:

No.	Types of Meeting	2018 Total Number of Meetings	Terms of Reference (TOR) for each Meetings	Complied with TOR
1.	Board	13 times	6 times in each Financial Year	✓
2.	BAC	6 times	4 times a Year	✓
3.	BNREC	13 times	At least Twice a Year	✓
4.	BRC	7 times	At least Quarterly	✓
5.	BPC	4 times	4 times a Year	✓

### Supply of Information

Board papers with sufficient notice are distributed to Directors before Board meetings to enable the Directors to peruse and have the opportunity to seek additional information, and obtain further explanation and clarification on the matters for deliberations. The senior management is invited to attend the Board meetings to report on matters relating to their areas of responsibility. They also attend to brief and provide details on recommendation to assist the Directors whenever necessary so as to enable the Directors to make independent and informed decisions.

Presentations to the Board are prepared and delivered in a manner that ensures latest information, clear and adequate presentation with latest site progress photos.

Whenever necessary, Senior Management or external advisors or consultants are also invited to attend the Board and Board Committees meetings to explain matters within their expertise, knowledge and provide clarity on agenda being discussed. The process is good governance practice to enable the Board and Board Committees to arrive at considered and informed decisions.

The Directors are also notified of any corporate announcements released to Bursa Securities. They are also notified of the restriction in dealing with the securities of the Company prior to the announcement of financial results or corporate proposals.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made. The circular resolutions will be tabled in the next Board meeting for ratification and information.

### Management of Conflict of Interest

The Board will be notified by the Company Secretary on quarterly basis to update their disclosure of interests under Section 197 of the Companies Act, 2016. In the event of potential conflict of interest, the Director concern will make a declaration at

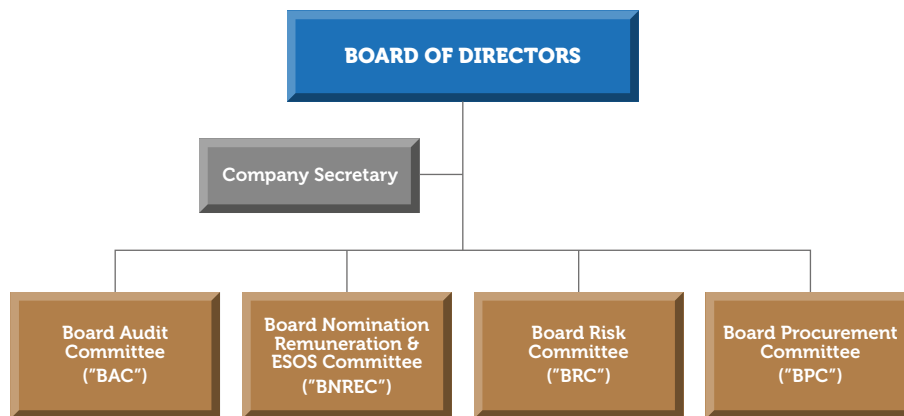


the meeting and shall abstain from deliberation, voting and decision on the subject matter and where appropriate abstain himself from being present or participate in the deliberations.

In the event a corporate proposal or general mandate is required to be approved by the shareholders, interested Directors should abstain from voting in respect of their shareholding in BDB on resolutions relating to corporate proposal.

### Board Committees

There are currently four (4) main Board Committees empowered by the Board:



The TORs of the Board Committees are available online at [www.bdb.com.my](http://www.bdb.com.my).

As for Board Procurement Committee, BPC is guided with Internal Procurement Policy and Delegated Authority Limit (DAL).

Board Committees meetings are normally held a day before or in conjunction with the Board meetings. All deliberations and recommendations of the Board Committees are recorded as minutes of the proceedings thereat and subsequently confirmed the contents at the subsequent Board Committees meetings or circulation to the Board via Circulars. During the Board meeting, Chairman of the various Board Committees provides summary of deliberations and key decisions or recommendations and highlights to the Board. If any further deliberation is required by the Board member, respective Senior Management, consultants or advisers are usually on stand-by to brief the Board. Verbal updates are provided if Board Committees meetings are held on the same day of Board meetings and papers were circulated in advance prior to the meetings.

A brief description of each Board Committees is provided below:-

- a) BAC - The members of BAC are as follows:
  - i. Sudirman bin Masduki - Chairman  
Independent Non-Executive
  - ii. Dato' Asri bin Hamidin @ Hamidon  
Senior Independent Non-Executive
  - iii. Datuk Mohd Radzif bin Mohd Yunus  
Independent Non-Executive

## Corporate Governance Statement (Continued)

Further details on the BAC Report during FY 2018 is presented on page 64 of this Annual Report. The Chief Financial Officer, Fakhruzi Bin Ahmad attend all meetings of the BAC except when meeting is held between the BAC and external auditors without management's presence.

b) BNREC - The members of BNREC are as follows:-

- i. Datuk Mohd Radzif bin Mohd Yunus - Chairman  
Independent Non-Executive
- ii. Dato' Asri bin Hamidin @ Hamidon  
Senior Independent Non-Executive
- iii. Haji Abdul Rahman bin Abdullah  
Non Independent Non- Executive
- iv. Sudirman bin Masduki  
Independent Non-Executive

The key responsibilities of the BNREC are as follows: -

- i) To oversee the selection and assessment of Directors and to ensure that the Board Composition meets the needs and the requirements of MMLR and Companies Act, 2016.
- ii) To recommend or approve, as the case may be based on the TOR, the appointment of key management of the Group.
- iii) Regularly review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendation to the Board with regard to any changes.
- iv) Reviewed and recommended renewal of fixed terms contract for Group CEO and senior positions of BDB.

During the FY 2018, the BNREC met 13 times where key activities were as follows:

- i) Deliberated on Board Committees composition.
- ii) Reviewed on directors' benefits.
- iii) Reviewed on staff benefits.
- iv) Reviewed on Group Chief Executive Officer candidacy.
- v) Reviewed on Succession Planning Initiatives.
- vi) Reviewed on HR capability Enhancement Project.

c) Board Risk Committee ("BRC") - The members of BRC are as follows: -

- i. Dato' Asri bin Hamidin @ Hamidon - Chairman  
Senior Independent Non- Executive
- ii. Haji Abdul Rahman bin Abdullah  
Non Independent Non- Executive
- iii. Datuk Mohd Radzif bin Mohd Yunus  
Independent Non-Executive Director

The key responsibilities of the BRC are as follows:-

- i) To assist the Board in ensuring the Group's risk management strategy, framework and methodology have been implemented and consistently applied.
- ii) To assist the Board in screening and assessing the investment opportunities and risk assessment evaluation.
- iii) To assist the Board in monitoring and reporting mechanism to the Board.

During FY 2018, the BRC met 7 times where the key activities were as follows:-

- i) Quarterly Report on Risk assessment for business segment.
- ii) Risk evaluation and recommendation on new business ventures and joint ventures.
- iii) Reviewed on Sustainability Statement Framework.
- iv) Reviewed Business Planning and Group Top 10 Risks Update.
- v) Reviewed on Financial and Operational Due Diligence and Turnaround Plan ; and
- vi) Reviewed on proposal for land acquisition.

d) Board Procurement Committee ("BPC") - The members of BPC are as follows:

- i. Datuk Mohd Radzif bin Mohd Yunus - Chairman  
Independent Non- Executive
- ii. Dato' Asri bin Hamidin @ Hamidon  
Senior Independent Non- Executive
- iii. Haji Abdul Rahman bin Abdullah (Appointed on 17.2.2019)  
Non Independent Non- Executive

The key responsibilities of the BPC are as follows:-

- i) The Committees operates under clearly defined terms of reference and are authorised by the Board to deal with and to deliberate on matters delegated to them within their terms of reference.

During FY 2018, the BPC met 4 times where the key activities were as follows:-

- i) Evaluation and appointment of sub-contractors above Delegated Authority Limit ("DAL").
- ii) Reviewed Variation Order above DAL.

Change Committee ("CC") is a newly established committee on 26.8.2018 to assist Board of Directors in its oversight responsibilities for BDB's Recovery Plan Program.

e) Change Committee – The members of CC are as follows:-

- i. Datuk Mohd Radzif bin Mohd Yunus – Chairman (appointed on 26.8.2018)  
Independent Non-Executive
- ii. Haji Abdul Rahman bin Abdullah (appointed on 26.8.2018)  
Non Independent Non-Executive

## Corporate Governance Statement (Continued)

- iii. Faris Najhan bin Hashim (appointed on 7.2.2019)  
Group Chief Executive Officer
- iv. Mohd Iskandar Dzulkarnain bin Ramli (appointed on 26.8.2018)  
Chief Operating Officer
- v. Fakhruzi bin Ahmad (appointed on 26.8.2018)  
Chief Financial Officer

During FY 2018 until March 2019, the Change Committee met 11 times where the key activities were as follows:

- i. To ensure alignment of the strategic intent and direction of Recovery Plan and Program with BDB's strategy as approved by the Board.
- ii. To deliberate the financial and non-financial impacts and benefits generated by the Recovery Plan and Program.
- iii. To ensure alignment with the budget and timeline for various aspects of the Recovery Plan and Program as approved by the Board.
- iv. To deliberate the risk related to the Recovery Plan and Program and the mitigation activities undertaken to address to these risks.
- v. To develop the governance frameworks and controls used by the Recovery Plan and Program.

### Remuneration

#### Board

The Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors of high calibre needed to run the Group successfully. The Company has no Executive Director on board. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. Where applicable, the Board also considers any relevant information provided by independent consultants or from survey data.

Remuneration of Directors for the financial year ended 31 December 2018 is as follows:

Name/Position	Fees (RM)	Meeting Allowances (RM)	Other Emoluments (RM)	Benefits- in-kind (RM)	Gratuity (RM)	Total Cash & Benefits (RM)
Dato' Paduka Haji Rasli bin Basir (Chairman)	36,000	35,000	190,000	6,500	-	267,500
Haji Abdul Rahman bin Abdullah (Non-Executive Non Independent Director)	36,000	109,000	40,000	-	-	185,000
Dato' Asri bin Hamidon (Non-Executive Non Independent Director)	36,000	53,500	40,000	-	-	129,500
Sudirman bin Masduki (Non-Executive Non Independent Director)	36,000	56,500	40,000	-	-	132,500
Datuk Mohd Radzif bin Mohd Yunus (Non-Executive Non Independent Director)	36,000	98,000	40,000	-	-	174,000
The late Dato' Izham bin Yusoff (Group Managing Director)	7,200	-	-	4,500	-	11,700
<b>GRAND TOTAL</b>						<b>900,200</b>

Note: Executive Director's salary is not included.

All Directors were paid meeting allowances as approved by the shareholders and expenses incurred by the Directors in the course of performing their duties are reimbursed.

### Senior Management

The Board acknowledged the need for transparency in the disclosure of its Senior Management's remuneration and the disclosure of the top five (5) key senior management is disclosed in the bands of RM50,000.

The top five (5) key senior management of the Company whose total remuneration during the financial year falls within the required disclosure band is as follows:-

Range of Remuneration	Top 5 Key Senior Management
RM300,001 – RM350,000	1
RM250,001 – RM300,000	1
RM200,001 – RM250,000	3
RM150,001 – RM200,000	0
RM100,001 – RM150,000	0
RM50,000 – RM100,000	0
<b>TOTAL</b>	<b>5</b>

## Corporate Governance Statement (Continued)

### Benefits

Common benefits-in-kind prevalent to similar size of PLC, BDB provides to directors such as training expenses, mobile communication devices such as ipad for paperless board meeting, telecommunication facilities, medical benefits (in-patient) and insurance benefits including Directors' & Officers' Liability insurance and Travel Personal Accident Insurance.

The benefit is reviewed every three (3) years after it is reviewed by the BNREC.

### RESTRICTION ON DIRECTORSHIPS IN LISTED COMPANY

Directors are required to declare respective shareholdings in the Company and related companies and their interests in any contracts with the Company or any of its related companies. Directors are also required to declare their directorships in other companies and shall abstain from any discussions and decision-making in relation to these companies.

The Board members' directorship in companies other than the Company and the Group, are well within the restriction of not more than five (5) public listed companies. This is to ensure that their commitment, resources and time are focused on the affairs of the Company and the Group thereby enabling them to discharge their duties and responsibilities effectively.

### DIRECTORS' TRAINING

A dedicated budget for training is allocated every year for Directors, Senior Management and employees training.

In addition to the Mandatory Accreditation Programme ("MAP") as required by the Bursa Securities, Board members are also encouraged to attend training programmes conducted by highly competent professionals that are relevant to the Company's operations and businesses. This will enable Directors to effectively discharge duties and sustain active participation in the Board deliberations.

All Directors have successfully completed MAP prescribed by Bursa Securities. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR.

The Directors are also constantly updated by the Company Secretary on new and/or revised requirements to the MMLR as and when the same were advised by Bursa Securities.

During FY 2018, all Directors had attended various training programmes, conferences and workshops which they have individually or collectively considered as relevant and useful in contributing to the effective discharge of their duties as Directors.

The Board will continually evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to sustain their active participation in board deliberations and effectively discharge their duties.

## List of Directors' Training from 1 January 2018 – 16 March 2019

Directors	List of Training / Conference / Seminar / Workshop Attended/Participated
Dato' Paduka Haji Rasli bin Basir	• Corporate Governance Guide (25 January 2018)
	• National Procurement Conference (8 March 2018)
	• Culture of Corporate Governance (15 May 2018)
	• An Update on : Whistle Blowing Policy & Code of Conduct (19 April 2018)
	• Financial Reporting (16 July 2018)
	• Anti-Corruption Summit 2018 (30 October 2018)
Haji Abdul Rahman bin Abdullah	• An Update on : Whistle Blowing Policy & Code of Conduct (19 April 2018)
	• Bengkel Transformasi PKNK (24 April 2018, 7 May 2018, 27 June 2018 & 9 October 2018)
	• Promoting Innovation at the Workplace (22 July 2018)
	• Lawatan Program Coaching & Mentoring (6 November 2018)
Sudirman bin Masduki	• An Update on : Whistle Blowing Policy & Code of Conduct (19 April 2018)
Dato' Asri bin Hamidin @ Hamidon	• An Update on : Whistle Blowing Policy & Code of Conduct (19 April 2018)
Datuk Mohd Radzif bin Mohd Yunus	• An Update on : Whistle Blowing Policy & Code of Conduct (19 April 2018)

### Board Evaluation

The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Director's Peer Evaluation and Assessment using questionnaire based approach. The assessment of the Board is based on board's roles and responsibilities and Board Committees' role and responsibilities. For Director's Peer Evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his or her contribution to Board processes and the business strategies and performance of BDB.

### The Company Secretary

The Board is supported by a qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### Board Audit Committee ("BAC")

The Board Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group.

## Corporate Governance Statement (Continued)

### Financial Reporting

The Board and the BAC are to ensure that BDB's financial statements are:

- Prepared in accordance with applicable approved accounting standards.
- The disclosure timeline, format and content are compiled rules and regulation, including provisions of the Bursa's MMLR.
- The Board, with the assistance of the BAC, shall oversee and manage the financial reporting and internal control policies and will maintain for appropriate relationship with the Company's Auditors.
- The Board, through the BAC, shall also assess the suitability, objectivity and independence of the Company's Auditors.

The appointment of the Company's Auditors is subject to the re-appointment by the shareholders of the Company for the ensuing year.

Based on the requirement of the new CG Code, the BAC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee. As of to date, BDB been in compliance with this matter in practice.

The BAC assists the Board in maintaining a sound system of internal control across the Group. In ensuring that the financial statements use appropriate accounting policies, the BAC will meet with the external auditors without the presence of Management, and it will be a session where the external auditors may raise any concern pertaining to the compliance of the financial statements.

### Risk Management and Internal Control Management

The Board has overall responsibility for maintaining a sound system of internal control, which encompasses risk management, financial, organisational, operational and compliance controls necessary for the Group to achieve its objectives within an acceptable risk profile. These controls can only provide reasonable but not absolute assurance against material misstatement, errors of judgment, loss or fraud.

Information on the Group's Internal Control is as set out in the Group Statement of Risk Management & Internal Control ("SORMIC") set out in page 67 to page 72 of this Annual Report.

The BAC manages the relationship with its external auditors on behalf of the Board. The BAC considers the re-appointment, remuneration and terms of engagement of auditors annually. The role of the BAC in relation to the External Auditors can be found in the Report of the Audit Committee as set out in page 64 to page 66 of this Annual Report.

The external auditors are invited to attend the Audit Committee Meeting where the Group's annual financial results are considered, as well as at meetings to review and discuss the Group's audit findings, internal controls and accounting policies, whenever the need arises.

The external auditors will also be present in each AGM.

## **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

### Integrity in Corporate Reporting

It is the Board of Directors' Responsibility for Preparing the Annual Audited Financial Statements. The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of BDB



Group's state of affairs. The Directors are of the opinion that BDB has adequate resources and uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards and the provisions of the Companies Act, 2016 and the MMLR of Bursa Securities.

The Directors having reviewed the business plans, capital expenditure commitments and expected cash flows are satisfied that the Company and the Group have adequate resources to continue operations for the foreseeable future and therefore continue to adopt the going concern basis in preparing these Financial Statements. The Directors are satisfied that BDB has been keeping accounting records which disclose with reasonable accuracy the financial position of BDB which enable proper financial statements to be prepared. They have also taken the necessary steps to ensure that appropriate systems are in place to safeguard the assets of BDB. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

### **Corporate Disclosure Policies and Procedures**

The Board reviews and approves all quarterly and other important announcements. The Group announces its quarterly and full-year results within the mandatory period. The financial statements and, where necessary, other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via Bursa Link on a timely basis to ensure effective dissemination of information relating to BDB to ensure that communications to the public regarding BDB are timely, factual, accurate, and complete. BDB Group have put in place authority and process for Disclosure Policy which is applicable to all Directors, those authorised to speak on BDB's behalf.

### **Communication with Shareholders**

The Board believes that building relationship with Shareholders through interaction during AGM and systematic engagement with the Shareholders through media releases, public announcements, answers to their queries and informative website to disseminate information.

### **Conduct of General Meetings**

The Board always ensure that the conduct of Board Meetings comply with the best practices and shareholders are notified with the meeting details. The Annual Report with sufficient notice of the AGM shall be distributed to the Shareholders on timely manner and before the AGM.

All resolutions are voted by poll and subjected to scrutineering services, in compliance with the MMLR.

As Kedah only listed GLC and most of the shareholder is in Kedah, the Group will conduct its general meetings in Kuala Lumpur by rotation year to ensure outstation shareholders to attend the General meetings. For shareholders who are unable to attend, we also encourage them to write in their feedback and inquiries anytime to our office. All inquiries and feedback, suggestions will be addressed.

All board of directors will attend the meeting to engage with the shareholders, in the event they are not able to attend in person, electronic devices will be used for their participation. Unless it is not possible to do so, the directors will be updated on issues that require his follow up.

This Statement is issued in accordance with a resolution of the Board dated 17/03/2019.

# Audit Committee Report

The Board Audit Committee (BAC) assists the Board in fulfilling its fiduciary responsibilities relating to internal controls, accounting and reporting practices of the Group. The BAC promotes the practices of good corporate governance by ensuring that internal control systems are in place and adequate and that appropriate standards of responsibility, integrity and accountabilities are maintained across the group.

## MEMBERS OF THE AUDIT COMMITTEE

Bina Darulaman Berhad complies with Paragraph 15.09 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires all the Audit Committee members to be Non-Executive Directors, with a majority of them being Independent Directors.

The members of the Audit Committee are as follows:

	Name	Directorial/Status
1.	Sudirman bin Masduki	Chairman / Independent Non-Executive Director
2.	Dato' Asri bin Hamidin @ Hamidon	Member / Senior Independent Non-Executive Director
3.	Datuk Mohd Radzif bin Mohd Yunus	Member / Independent Non-Executive Director

The profiles of the BAC members are disclosed on pages 18 to 21 of this Annual Report.

## TERMS OF REFERENCE

The terms of reference for the BAC are available online in the company section sub menu policies of the Company's website at [www.bdb.com.my](http://www.bdb.com.my). The latest update was effective on 11 March 2018.

## SUMMARY OF THE AUDIT COMMITTEE'S ACTIVITIES

### Meetings and Minutes

During the year ended 31 December 2018, the Committee met six (6) times by way of ordinary meetings on 12 February 2018, 13 May 2018, 4 August 2018, 18 August 2018 (adjourned), 27 October 2018. and one (1) Special Meeting held on 11 March 2018.

	Name	Number of Meetings	
		Held	Attendance
1.	Sudirman bin Masduki	6	6/6
2.	Dato' Asri bin Hamidin @ Hamidon	6	2/6
3.	Datuk Mohd Radzif bin Mohd Yunus	6	6/6

Permanent invitees to BAC are the GMD (last meeting attended by the late Dato' Izham Bin Yusoff was on 11 March 2018), CFO, Company Secretary and Head of GCA. Other invitees from management team are present to explain specific issues as per the meeting agenda. Key issues discussed are reported by the Chairman of the Audit Committee to the Board.

The Audit Committee is mindful of the challenges faced by the Group and initiatives on the Group's recovery plan, as such had advised the internal audit team to validate and focus their auditing efforts in this area. Meanwhile, the External Auditor had updated the Audit Committee on the impact of MFRS15 and MFRS9 adoption.

The Audit Committee continues to provide oversight to the external and internal audit functions and performs the followings based on meeting agenda:

#### **External Audit**

- (i) Reviewed the External Auditors' scope of audit prior to the commencement of the interim and annual audit;
- (ii) Reviewed the audited year-end financial results of the Group prior to submission to the Board for consideration and approval;
- (iii) Reviewed the audit reports of the External Auditors in relation to audit and accounting issues arising from the audit;
- (iv) Discussed matters arising from the audit of the Group in a close session meeting without the presence of the Management;
- (v) Reviewed the performance of the External Auditors and proposed on their re-appointment and remuneration to the Board;
- (vi) Reviewed the findings of the External Auditors and followed up on the recommendations;

#### **Internal Audit**

- (i) Reviewed and approved the 2018 Annual Audit Plan and resources for the execution of audit activities across the Group;
- (ii) Deliberated on major issues brought up to the attention of BAC and considered the appropriateness of management action plans in relation to the audit recommendations;
- (iii) Ensured that management resolved all audit issues within the agreed timeline and approved extension of time where necessary;
- (iv) Recommended for the closure of audit issues to be considered as one of performance measures;
- (v) Requested GCA to conduct special review and extension of scope to ascertain business process inefficiencies and document as lesson learnt;
- (vi) Considered the changes and deferment of planned audit presented in the 2018 Annual Audit Plan to meet the business operation needs;

## Audit Committee Report (Continued)

- (vii) Raised concerns on certain operational issues for future audit review;
- (viii) Reviewed minutes of the BAC meetings for accuracy and follow up actions.

Other significant oversight activities are as follows:

- (i) Reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report and recommend to the Board for inclusion in the Annual Report;
- (ii) Reviewed the unaudited quarterly financial results and the announcements thereof and made recommendations to the Board for consideration and approval to release to Bursa Securities;
- (iii) Reviewed related party transactions as required under the Bursa Malaysia Listing Requirements to ascertain that transactions are conducted at arm's length prior to submission for the Board's consideration and where appropriate, shareholders' approval;
- (iv) Reviewed renewal of Shareholders' mandate for recurrent related party transactions of a revenue trading nature based on an established framework for Board to recommend to shareholders for approval and authorized the submission of draft circular to Bursa Securities;
- (v) Reviewed and approved the proposed changes to Terms of Reference of BAC for Board Approval to be in line with the new Listing Requirements and Malaysia Code on Corporate Governance 2017; on 11 March 2018;
- (vi) Reviewed the proposed revision to delegated authority limits for Board Approval.

### INTERNAL AUDIT FUNCTION

The Group's Internal Audit function is to provide independent, objective assurance and consulting services designed to add value and improve BDB's operations. The Internal Audit activities help BDB accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and the adequacy of the internal controls.

For 2018, Group Corporate Assurance Department conducted audit review based on the approved Annual Audit Plan. Deviation from the annual audit plan was tabled on 27 October 2018 to inform BAC on reasons for deferment and constraints. Apart from conducting routine audit review of the approved audit scopes, members of GCA had also performed the following activities:

- (i) Follow up and validate the completion of remedial action plans to close outstanding audit issues on a quarterly basis;
- (ii) Year-end stock take exercise at subsidiaries; BDB Infra and Fantasia Aquapark;
- (iii) Investigative audit on alleged misconduct by staff related to procurement activities.

The total cost incurred for the Internal Audit Function for the financial year was approximately RM498,245.85.

# Statement on Risk Management and Internal Control

This statement is made in accordance with the Malaysian Code on Corporate Governance 2017 (“The Code”) and Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Board’s Statement on Risk Management and Internal Control has been prepared in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”.

## BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound internal control system and the need to review its adequacy and integrity on a regular basis. The system of internal control is meant to effectively manage business risk towards the achievement of objectives so as to enhance the value of shareholders’ investments and to safeguard the Group’s assets.

The Board maintains overall responsibility for the Group’s system of internal controls and has reviewed the effectiveness of the controls established. The Board has delegated the implementation of the system of internal control within an established framework throughout the Group to the Management. The system of internal control is supported by the corporate governance and risk management framework.

The Board through its Risk Management Committee is responsible for identifying, evaluating and managing major business risks faced by the Group. The Committee will continuously evaluate suggested mitigation measures and quarterly review planned actions and implementation strategies to ensure that key risks are mitigated and well managed.

The Board is reasonably satisfied that throughout the year the Company’s Risk Management and internal control system operated adequately and effectively in all material aspects based on the Risk Management Model adopted by the Company. Improvements to enhance the internal controls as proposed by the audit activities are followed through till completion.

The system of internal control provides only reasonable and not absolute assurance against material error, misstatement, loss or breach. In addition, the concept of reasonable assurance also recognises that the overall cost of control procedures shall not exceed the expected benefits.

## KEY INTERNAL CONTROLS FEATURES

The key features of the Group’s internal control comprise the following components which have been in place throughout the financial year:

### CONTROL ENVIRONMENT

#### Accountability and Reporting within the Organisation:

The terms of reference including functions, authorities and responsibilities of the Board Committees and Management Committees have been established in the Group, to assist the Board in discharging its duties. The Board Committees comprise of:

- Board Audit Committee (“BAC”)
- Board Risk Committee (“BRC”)
- Board Nomination, Remuneration and ESOS Committee (“BNREC”)
- Board Procurement Committee (“BPC”)

## Statement on Risk Management and Internal Control (Continued)

### Organisation Structure & Authority Limits

The internal control system of the Group is supported by a formal organisational structure with lines of responsibility and accountability delegated to the Group's Senior Management.

### Executive Committee ("EXCO")

After the demise of the Group Managing Director, Dato' Izham bin Yusoff in March 2018, the Board had reactivated the EXCO to oversee and ensure the smooth running of the daily operations of BDB Group of Companies. The EXCO comprises of Haji Abdul Rahman bin Abdullah (Chairman), Mohd Sobri bin Hussein and Fakhruzi bin Ahmad.

The Board had on 1 December 2018 appointed Mohd Iskandar Dzulkarnain bin Ramli as the Chief Operating Officer (COO) and Fakhruzi bin Ahmad as the CFO. COO replaces Mohd Sobri bin Hussein as EXCO member.

### Change Committee

Based on the financial performance of the Group, the Management has embarked on a business recovery plan. A Change Committee was established on 26 August 2018 to assist the Board in its oversight responsibilities for the Group's business recovery plan.

### Authority Limit

The Group, via its Delegated Authority Limit ("DAL"), assigns authority to appropriate levels of management to exercise control over the Groups' commitment on both strategic and operational business objectives.

The DAL is approved by the Board and is updated to reflect changing business conditions. The DAL provides a framework that defines and specifies the authority levels for personnel to carry out their assigned responsibilities and it also covers the basic decision-making policy throughout the BDB Group of Companies. Effective on 1 September 2018 the Board had approved a revision to the DAL in view of the current needs of the Company and designations.

### Standardised and Documented Policies and Procedures

Relevant policies and procedures are recommended by management and approved by the Board to ensure the Group's values and internal control mechanism is embedded in business operations. These policies and procedures are made available to guide Management and staff in their day-to-day operations and compliance with relevant laws and regulations. Updates will be made on need basis to reflect any changes in operational requirements and / or statutory requirements.

### Strategic Business Planning

BDB Group performs annual business planning and budgeting for consideration of the EXCO before being tabled to the Board for approval. The Board has reviewed and approved the Group business recovery plan and budget for year 2019 within which the business objectives, strategies and targets are articulated to facilitate management in focusing on areas of concern. Key business risks are identified and mitigated during the business planning process and reviewed during the year.

### Staff Development and Training

Internal and external trainings are developed by Group Human Resource and provided to all employees to facilitate daily operations and enhance staff competencies.

## **Whistleblowing**

The whistleblowing policy provides an avenue for employees to communicate any instances of breach or suspected breach of any law or regulation, illegal and / or immoral conduct in a safe and confidential manner. It also provides proper investigation to be initiated on all allegations or reports about the Group.

## **CONTROL ACTIVITIES**

Control activities are part of the Group's system of internal control. Control activities are performed at all levels of the entity and at various stages within the business processes. They include a diverse range of activities such as the process of approvals, authorizations, verifications and reconciliations, reviews of operating performance, security of assets and segregation of duties. Among the significant control activities are:

- The preparation of quarterly and full-year financial results, as announced or otherwise published to shareholders. Analysis of actual financial performance versus business plans is carried out on quarterly basis.
- EXCO and Senior Management staff make business visits and communicate with employees of different levels to have first-hand knowledge of significant operational issues and risks.
- Quarterly reporting of legal, accounting and other new developments to the Board.
- Annual review and improvement, continuously manages and controls the quality requirement of the Company's products and services which is in accordance with ISO 9001 Quality Management System.

## **REVIEW AND MONITORING PROCESS**

The Board has initiated an ongoing process to ensure the achievement of the Group business objectives where budgets, key business indicators and performance results on operations are in place to monitor performance. The system allows the Management and the EXCO to review business unit's performances against budgets and other performance indicators on a monthly basis. Key variances are followed up by Management and reported on quarterly basis to the Board.

The EXCO actively communicates the Board's expectations to management teams during management meetings. In these meetings, risks relating to strategy, operational, financial and external environment matters were discussed and with mitigating action plans were deliberated.

The Board has taken the necessary measures and reviewed the effectiveness of the system of internal control during the financial year through the review and monitoring process set out above.

## **INTERNAL AUDIT FUNCTION**

The Group Corporate Assurance (GCA) performs internal auditing activities across BDB group; by undertaking a systematic review and disciplined approach to evaluate the adequacy and effectiveness of the internal control system implemented by the Group.

GCA reports to the Board Audit Committee (BAC) and meets on a quarterly basis plus as and when required. GCA highlights issues concerning internal control failures and/or weaknesses and other observations to improve business processes. All

## Statement on Risk Management and Internal Control (Continued)

issues identified must be agreed with the management team. Action plans to resolve issues are followed through and updated in subsequent meetings. The BAC also reviews the Internal Audit independence, adequacy of resources and scope of work. Annual Audit Plan and revision to the planned audit was also tabled and approved by the BAC. The details of the oversight activities undertaken by the BAC are highlighted in the Audit Committee Report.

### STATE OF INTERNAL CONTROL DURING THE YEAR UNDER REVIEW

The Board is of the view that the existing Group's system of internal controls in place for the year under review and up to the date of issuance of financial statements is generally sound and adequate to safeguard the shareholders' investment, the interest of customers, regulators, employees and the Group's assets. None of the control weaknesses identified has resulted in any material loss, contingencies or uncertainties that would require disclosure in the Annual Report.

### STATEMENT ON RISK MANAGEMENT/ ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group has established an Enterprise Risk Management (ERM) framework to proactively identify, evaluate and manage key risks to an optimal level in line with the Group's commitment to deliver sustainable value. This framework aims to provide an integrated and organised approach entity-wide.

During the financial year ended 31 December 2018, the Group had executed the ERM initiatives based on the approved ERM Framework which includes the establishments of the key mitigation strategies for the key risk areas identified and the tracking and monitoring of its implementation Group wide.

#### Risk Policy

BDB Group is committed in meeting its vision, mission and corporate objectives. It is critical for BDB Group to have the ability of managing risk to an acceptable level. In 2018, Risk Management has conducted four (4) BRC Meetings and three (3) Special BRC Meeting where risks were identified, assessed and ranked accordingly with regards to the mitigating actions.

The Board is responsible to understand risks and provide guidance when dealing with risks to ensure all risks are managed in an organised and consistent manner. The policies of the Board for ERM are as follows:

- To integrate risk management into the work culture, business activities and decision-making processes.
- To anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively.
- To manage risks pragmatically, to an acceptable level given the particular circumstances of each situation.
- To require that all papers submitted to the Board of Directors by Management relating to strategy, key project approval, significant action or investment must include a comprehensive risk assessment report.
- To implement a robust and sustainable ERM framework that is aligned with BDB Group's vision, mission, corporate objectives, and in accordance with best practices.

The above policies will be attained through:

- Quarterly reporting to the Board on ERM activities and keep the Board updated of all ERM aspects including significant risks and risk trends;



- Provision of adequate and suitable resources, including tools and manpower to ensure ERM framework and system are operating effectively;
- Provision of adequate education and communication channels to ensure staffs' understanding on the requirements, benefits, their roles and responsibilities associated to ERM; and
- Maintain documented risk information (risk registers and action plans) for continuous ERM activities.

The Group Corporate Planning & Enterprise Risk Management ("GCP&ERM") is responsible for developing, coordinating and facilitating the Risk Management processes within the Group. A database of risks and control information is captured in the format of risk registers. Key risks of key business units are identified, assessed and categorised to highlight the source of risks, their impact and the likelihood of occurrence and it is being monitored by respective Senior Management of the business units.

Roles and Responsibilities of the GCP&ERM can be summarised as follows:

- To communicate, evaluate and improve the ERM Policy and Framework;
- Facilitate the risk assessment and risk action plan processes;
- Provide independent input on risk assessment (risk type and rating) and action plans;
- Coordinator of Business Continuity Management (BCM);
- Prepare and report to BRC on a timely manner;
- Coordinate for the ERM educational programmes; and
- To share inputs on risks and market trends.

#### **Assurance Received from EXCO and Chief Financial Officer**

In accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed issuers, the Board has received assurance from the EXCO and Chief Financial Officer that to the best of their knowledge, the risk management and internal control of the Group are operating effectively and adequately in all material aspects, based on the risk management and internal control framework adopted by the Group.

#### **Review of Statements by the External Auditors**

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in The Audit and Assurance Practice Guide ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 31 December 2018, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

## Statement on Risk Management and Internal Control (Continued)

- (a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### Conclusion

Risk Management in BDB Group has been accepted not merely as a compliance tool but to the extent of becoming a business culture. The Risk Management framework and findings act as an additional decision-making tool to drive towards an excellent business strategy planning and execution. In this regard, an effective Risk Management lies on its ability to implement the framework and create values throughout BDB Group in order to achieve its established vision, mission, and objectives that lead towards enhancing shareholders' value.

This statement is made in accordance with the resolution of the Board of Directors dated 17 March 2019.

# Sustainability Statement

## 1. EMBRACING SUSTAINABILITY

Bina Darulaman Berhad's ("BDB") culture of integrity and stewardship are reflected in every day through our engagement with our clients, our employees and our community. We view our sustainability activities as a natural extension of these culture and of BDB's core purpose. We undertake developments that are socially, economically and environmentally conducive for a sustainable long-term future. We regard them as needs that we should fulfil and opportunities that we could tap into.

Our years of experience in developing townships, we believe that human, nature and economic elements are interdependent and draw strength from each other. To ensure a sustainable development, these elements become the essence of our foundation for each development which is expressed in the four (4) pillars below:

1. **Technology** – to introduce the latest technology in each upcoming development for the community.
2. **Recreation** – to promote active and healthy living amidst nature.
3. **Community** – to facilitate the creation & building of a desired community (virtual or physical).
4. **Nature** – to respect and conserve nature where possible & have microclimate control and extensive landscaping within the township.

## 2. SUSTAINABILITY GOVERNANCE

Our commitment to sustainability is embedded in our corporate value. To manage this commitment, we have established a Sustainability Reporting Committee at a management level reporting directly to Board Risk Committee ("BRC"). BRC reports directly to the Board of Directors, ultimately responsible in all sustainability matters.

At the operational level, an appointed sustainability Champion is appointed for each of the business units, namely, Property Development, Engineering & Construction, Road Building & Quarry and Leisure & Hospitality. These champions will monitor and manage all relevant sustainability matters at the respective business units. The champions will report to an appointed Sustainability Reporting Manager who will be responsible in consolidating all sustainability matters and he reports to Sustainability Reporting Committee.

This sustainability governance structure is summarised as follows:



## Sustainability Statement (Continued)

Through sustainability champions, the business units bring their expertise and needs to the Sustainability Reporting Committee. At the same time, they support the implementation of BDB Group sustainability strategy in their respective functions. For example, they develop appropriate supplier management instruments or systems for measuring resource consumption. Overarching sustainability issues are coordinated by the Sustainability Reporting Committee, which serves as the Group-wide interface for all sustainability matters.

### a) Key stakeholders

Stakeholders are defined as any individuals, community and entities that may be impacted by BDB's business operation. BDB Group conducted five (5) workshops with Senior Management of subsidiaries and the Group, on consolidated basis.

BDB Group identify stakeholders through discussion with key senior management and the Board. The following describe the Group's stakeholders and how we engage with stakeholders:

No.	Stakeholders	Description	How we engage with stakeholders
1.	Shareholders / investors	Shareholders and investors provide fund for the Group with the expectation for returns. Engagement with shareholders and investors is critical to enable them understand the Group's businesses, its strategies, future growth and expectation.	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Bursa Malaysia announcements</li> <li>Ongoing media releases</li> </ul>
2.	<b>Customers:</b> <ul style="list-style-type: none"> <li>House buyers</li> <li>Commercial buyers</li> <li>Land buyers</li> <li>Infrastructure customers</li> <li>Leisure and Hospitality</li> </ul>	<ul style="list-style-type: none"> <li>Buyers of properties and land</li> <li>Clients of our infrastructure services – quarry products, road construction and other construction services</li> <li>Guests of our nature and water theme parks</li> <li>Golfers</li> <li>Hotel and Food &amp; Beverages Guests</li> </ul>	<ul style="list-style-type: none"> <li>Regular – daily through day-to-day engagement</li> <li>Meetings</li> <li>Correspondences</li> <li>Brochures</li> <li>Products and services briefings</li> <li>Media announcement and advertisements</li> <li>Annual General Meeting</li> <li>Bursa Malaysia announcements</li> <li>Ongoing media releases</li> </ul>

No.	Stakeholders	Description	How we engage with stakeholders
3.	Financiers / banks	The Group seeks various funding method to finance its operation. Banks and Provider of funds and information.	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Bursa Malaysia announcements</li> </ul>
4.	Local authorities / municipalities / Regulators / Government ministries	Authorities and government establish rules and regulation which govern the Group operation. The Group engages with them to ensure it complies with the legislations.	<ul style="list-style-type: none"> <li>Regular meetings and discussions</li> <li>Compliance with rules and regulation</li> <li>Submission of reports required under regulations</li> <li>Briefings and trainings</li> <li>Periodic visits and inspections</li> </ul>
5.	Sub-contractors and suppliers	The Group operates with a number of products and services providers.	<ul style="list-style-type: none"> <li>Tenders</li> <li>Briefings and meetings</li> <li>Compliance with rules and regulations</li> </ul>
6.	Local Community / NGOs / Industry Associations	The Group engages with the local communities, NGOs, industry associations and academia to achieve mutual benefits.	<ul style="list-style-type: none"> <li>REHDA</li> <li>FIABCI</li> </ul>
7.	Employees	Our people is key to our operation and to achieve our business objectives. The Group objectives are to serve them well and provide them with conducive working environment enabling them to grow and prosper with the Group.	<ul style="list-style-type: none"> <li>Townhall sessions</li> <li>Performance management</li> <li>Involvement in community activities</li> <li>Sponsorships and talent enhancement</li> <li>Trainings and development</li> </ul>

### 3. SCOPE AND REFERENCE

This sustainability statement covers the period from 1 January 2018 to 31 December 2018. It includes our four (4) Divisions – namely, Property Development, Engineering & Construction, Road Building & Quarry, and Leisure & Hospitality. Details are available in our corporate structure section in page 16.

## Sustainability Statement (Continued)

Our sustainability statement is prepared based on Global Reporting Initiative (“GRI”) framework. Although we are not in full compliance with the GRI standards, we have taken significant efforts in enhancing our processes, procedures and standards as recommended under the GRI standards.

### 4. MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

BDB Group conducted four (4) materiality assessment workshops with the respective business divisions to identify and prioritise the key sustainability matters. These workshops were held with the top key senior management of the divisions. The materiality assessments were also facilitated through a desktop review on the Group’s business operation and risk areas and Group’s Senior Management.

Through the materiality assessment, we have identified fourteen (14) key sustainability matters as outlined in the table below:

Economic	Environment	Social
<ul style="list-style-type: none"> <li>• Profitability and Government Policy</li> <li>• Anti-corruption and Bribery</li> <li>• Whistle-blowing Policy</li> <li>• Sales &amp; Marketing</li> <li>• Digital and Business Transformation</li> </ul>	<ul style="list-style-type: none"> <li>• Pollution Control and Waste Management</li> <li>• Property Development</li> <li>• Compliance with Environmental Laws and Regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Succession Planning</li> <li>• Employee Training and Education</li> <li>• Customer Satisfaction, Engagement and Privacy</li> <li>• Branding and Reputation</li> <li>• Safety, Health and Environment</li> <li>• Public and Community Engagement</li> </ul>

Details of each of the sustainability material matters – economy, environment and social are described in the next sections.

#### a) Economic

The economic dimension of sustainability concerns BDB’s impacts on the economic conditions of its stakeholders, and on economic systems at local and national. It does not focus on the financial condition of BDB, rather, it focuses on the economic value generated and distributed (EVG&D) by BDB.

##### i) Profitability and Government Policy

The Group is currently undergoing a restructuring in response to challenging global economic and market environment. The challenges related to economic impact and government policy are explained in Market Discussion and Analysis section of this Annual Report.

ii) **Anti-Corruption & Bribery**

From our vision, mission and objectives, we formulated behavioural rules specified in a series of codes and corporate standards. These apply to all of our employees, in all business areas and cultural spheres in which we operate. The Code of Conduct and Ethics included the most important corporate principles and behavioural rules, supplemented by guidelines for dealing with potential conflicts of interest. These guidelines are a key element of our preventive measures against bribery and corruption. The codes and corporate standards address specific topics such as compliance with laws and regulation; safety, health, environment and social standards; human rights; as well as public affairs.

iii) **Whistle-blowing Policy**

Our whistleblowing policy outlines the procedures for our employees, third parties and relevant stakeholders for reporting suspected and actual corruption and other illegal activities in the Group. It outlines the process to inform appropriate authority – how to report, where to report; what actions to be taken and protect the anonymity of the employees, associates and third parties who report the suspected illegal activities. Whistle blowers are protected from any reprisals and retaliations with regards to their reported action.

The Code of Conduct & Ethics and Whistleblowing Policy are available on our corporate website <https://www.bdb.com.my/policies>

iv) **Sales & Marketing**



Our Sales & Marketing efforts were intensified during the year through various activities. During the FYE 2018, we participated in almost 91 property fairs throughout Malaysia and introduced a contest – “BADABOOM – Tawaran MeleTOP” offering value prizes such as Proton cars for the winners to attract buyers to our property projects.

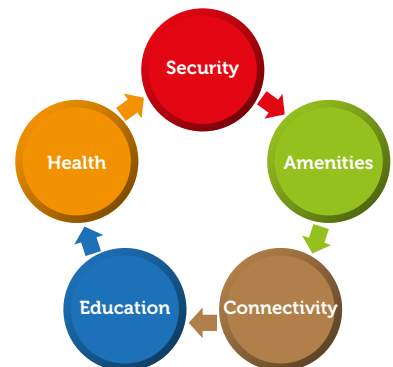
v) **Digital and Business Transformation**



As part of our Sales & Marketing efforts, we are looking into ways to enhance our digital and business transformation processes.

We actively identify potential process improvement opportunities and business process transformation, digital initiatives are considered as part of our transformation in our business processes

and customer engagement. We continue to enhance our business processes and at the same time, we translate this improvement through our projects – property development, construction & engineering, road building & quarry and leisure & hospitality.



## Sustainability Statement (Continued)

Through our participation on STAR Property Award 2018 held on 14 March 2018, BDB Land Sdn Bhd was awarded with special mention MERIT status – “THE FIVE ELEMENT” for its Bandar Darulaman development. The Five elements provide the amalgamation of security, amenities, connectivity, education and health to deliver a better living lifestyle for all residents. It ensures that whatever facilities that one needs are close to the development.

### b) Environmental

#### i) Pollution Control and Waste Management



Climate change affects every corner of our planet. We are already feeling the effects from water supplies shrinkages to extreme weather events increasing in frequency and intensity. As part of our efforts reducing greenhouse gas effects, we are currently monitoring our diesel consumption to reduce our carbon footprint. For the FYE under review, we consume 3.37 million litres of diesel with our BDB Infra Sdn Bhd, a major user of heavy machinery and equipment that use diesel. The Group, as part of managing diesel consumption, has initiated programmes to reduce consumption through monitoring the utilisation of equipment, vehicles and machinery (“EVM”), reviewing

our EVM aging and strictly following each EVM preventive and maintenance programmes. We will consider any energy-efficient EVM as and when the technology available and feasible for the Group to use.

We are promoting zero waste across our Group, efforts are currently undertaken to measure our waste generation. Across all four (4) divisions, type of waste generated and its disposal can be summarised as follows:

Division	Property Development	Engineering & Construction	Road Building & Quarry	Leisure & Hospitality
Waste generated	<ul style="list-style-type: none"> <li>Construction waste</li> </ul>	<ul style="list-style-type: none"> <li>Construction waste</li> <li>Used engine oil</li> </ul>	Aggregates and premix wastes	Used water
Disposal / recycled method	<ul style="list-style-type: none"> <li>Recycled</li> <li>Disposed through appointed licenced contractors</li> </ul>	<ul style="list-style-type: none"> <li>Disposal through appointed licenced contractors</li> </ul>	<ul style="list-style-type: none"> <li>Recycled</li> <li>Appointed licenced contractors</li> </ul>	<ul style="list-style-type: none"> <li>Recycled</li> <li>Appointed licenced contractors</li> </ul>

We invest in our people and processes to ensure that we met and exceed the environmental standards. Our BDB Infra Sdn Bhd’s Quarry Division obtained its ISO14001:2015 Environmental Management System certification on 26 October 2017 in the production for aggregate, manufacturing of bituminous premix, roadworks and construction.



We have established clear processes and procedures to prevent operational spills, both on water and land, with particular focus on risk management and containment capabilities.

All our fuel & chemical storage and dispensing systems are constructed with secondary containment and we monitor physically our chemical & fuel storage to prevent and detect any spillages.

**ii) Property Development**

We strive to create healthier and sustainable lifestyles by incorporating recreational elements such as the water lakes, walkways, bicycle and running tracks in our property projects. In 2017, we were awarded with the “Best Integrated Township Development in Northern Region” by Property Insight Prestigious Developers. We diligently make efforts to preserve nature and undertake extensive landscaping at Bandar Darulaman and Darulaman Perdana to support the “Green” concept.

**iii) Compliance with Environmental Laws and Regulations**

We are pleased to highlight that BDB Group have not been fined or penalised for any environmental violations by Department of Environment. We monitor the environmental regulations strictly throughout our operating divisions and efforts are taken to ensure all resources available in managing environmental regulation.

**c) Social**

BDB Group aims to create sustainable value in its business operation. This objective bonds all of our employees and aligns with our corporate values, which direct our decision-making and our actions. For us to be successful, we want to recruit, develop and retain the best talents. We offer a stimulating and challenging working environment with a people-oriented focus. Our performance culture is based on regular open feedback and appreciation to excellent achievements – both through attractive compensation and through individual and long-term development opportunities. We value diversity and cultural backgrounds, interacting openly and constructively with each other, and looking after the health and safety of our employees.

Employees are one of the most important assets to BDB and we strive to provide the best working conditions to all employees regardless of their nationality, race, or gender.

**i) Succession Planning**

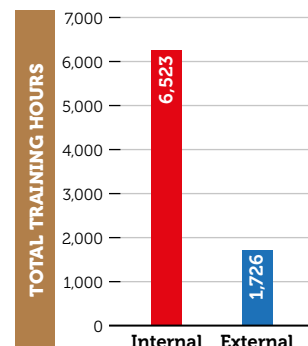
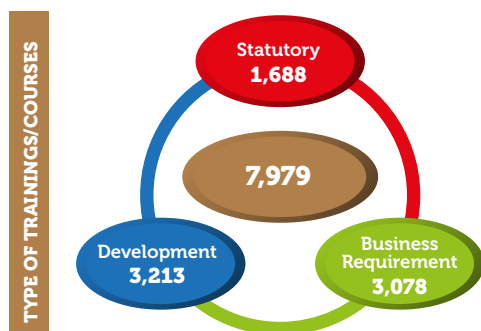
We recognise the need for business continuity and ensuring our stakeholders that we can operate in this highly competitive environment with our talented professionals. In this regards, we have established a succession planning identifying our designated key employees – at senior management and operational levels, and the successor to those designation

**ii) Employee Training and Education**

It is our aim to create a conducive and open working environment where all employees can learn, develop and achieve excellent at BDB Group in the long term, and where they can be at their best. We foster their skills and knowledge and help them to reach their full potential. We encourage and adopt regular and open feedback on performance. This environment serves as a foundation of our employees’ development, it measures individually to address the Group’s needs and the employees’ potential. For FYE2018, we provided

## Sustainability Statement (Continued)

our employees with a total of almost 7,979 training hours offering various technical, soft and management skill enhancement for our employees. We segregate these trainings into statutory, business requirement and Development categories which are developed based on our training needs analysis. These trainings were conducted both, internally by our experienced staff who volunteer their expertise, and through external courses for industry best practices. The table below provides the type of trainings/courses during the FYE2018:



### iii) Customer Satisfaction, Engagement and Privacy

We engage with our customers regularly to understand their aspiration and their needs – customising our products and services in meeting these needs. We maintain our customers’ information within the boundary of Malaysian Personal Data Protection Act 2010 (“the Act”) which came into force on 15 November 2013.

We conducted customer satisfaction survey in the FYE2018 to better understand our customers related to our property development projects.

In continuing to improve our processes and understanding our customers better, various initiatives and programmes have been identified, these include to identify key innovation on properties for the future and to establish key indicators that measure our customers satisfaction. These programmes help us identify improvement to our products and services and how we can help our customer achieve their needs.



### iv) Branding & Reputation

We engage with our stakeholders continuously through various means and ways and benchmarking our performance, are key foundations for our work. Open channels with opinion leaders and stakeholders help us to latest external insights and outlook related to our business and promote a common understanding to our priorities and challenges.

At regular intervals, we seek independent opinions to evaluate how companies balance the relationship between economic, environmental and social aspects. We encourage these external assessments of our performance including our sustainability matters, as they lead to greater transparency in the market and show us how our performance is assessed.

To enhance these initiatives, we are in the process of identifying both short and long-term environmental and cost saving opportunities and priorities, such as reducing water and energy consumption, going paperless or new technologies. Such initiatives will not only have immediate business returns, but also engage our employees and bring cultural benefits to the Group. These initiatives create better understanding and prioritize risks and opportunities, which serve as an important foundation for creating a detailed sustainability strategy outlining our sustainability objectives and goals.

#### v) Safety, Health and Environment

The safety, health and well-being of our employees and contractors' workers can affect their performance and productivity. It is imperative for BDB Group to manage occupational health and safety risks whilst promoting healthy lifestyles and holistic wellness at the workplace.

As most of the activities at our construction sites and managed buildings are carried out by contractors, BDB Group has extended our safety and health risk management efforts to include our contractors and sub-contractors.

As part of this efforts, we have established a centralised function, Safety Health and Environment Main Committee on 22 March 2018 to spearhead of Safety, Health and Environment ("SHE") framework, policies, processes and procedures. The Committee is chaired by an appointed Chairman and members comprising both Employer's and Employee's representatives.

During the year, we have only 3 incidents with Lost Time Incident ("LTI") of 70 days (2017: 4 incidents; LTI:140days) that were related to the road safety issues. Subsequent to the incident, we investigated the root causes and improved several road safety measures such as cleaning the road signages, cleaned the roads access to the quarry, clearing vegetation surrounding road signages to ensure visibility and ensure all road and transverse markers are in good working condition. We sent our drivers to attend a 2-day course on safe and defensive driving lesson conducted by National Institute of Occupational Safety and Health ("NIOSH") and Social Security Organisation ("SOCSO").

Our BDB Infra Sdn Bhd's Quarry Division was awarded with National Occupational Safety and Health (NOSH) Excellence Award 2018 by Ministry of Human Resources on 27 February 2019 as the best Company in managing SHE for quarrying and mining category, the highest ranking at the national level.



#### vi) Public and Community Engagement

BDB Group fostered an excellent engagement programmes with the communities where we operate in, our programmes from township development to contribution to our communities. These programmes generate strong social bond and goodwill for BDB Group. Through active engagements and supporting sustained community programmes focusing on four (4) areas ie. supporting Education & Knowledge, Sporting & Leisure, Religious and Community Engagement with focus on caring for the less fortunate. During the FYE2018, we have conducted almost 29 community programmes ranging from donation to supporting educational activities for our community and the general public. Our employees participated in these programmes ensuring strong bond with the community.

## Sustainability Statement (Continued)



### Charity Golf Tournament

BDB Group organised BDB Masters and Charity Golf 2018 held on 7 to 9 December 2018 at Darulaman Golf & Country Club (“DGCC”). Five welfare organisations were chosen to receive contribution amounted to RM25,000 collected from a charity competition held at the same time with the event. The five charity organisations were Maahad Tahfiz Ehsan Al-Khairi; Wanita Perkim, Cawangan Alor Setar; Pertubuhan Wanita Prihatin Kubang Pasu; Buddhist Tzu Chi Merits Society Malaysia (Jitra); and Pusat Jagaan Kesayanganku Jitra.



These organisations were selected based on their financial capacity and organisational needs whilst the remaining funds collected will be included in a special fund for other less fortunate through the same organisations. The contribution was handed over to the organisations by Kedah State Council representative, En. Zambri Yusof. Also present during the ceremony were Darulaman Golf Resort Berhad Chairman, Dato’ Paduka Rasli Basir and Darulaman Golf Resort Berhad Chairman, Y.M. Kol. Dato’ Tunku Aziz

# Notice of 24th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting of Bina Darulaman Berhad (“BDB or the Company”) will be held at Damai Hall, BDB Hotels Sdn Bhd, Lot 888, Bandar Darulaman, 06007 Jitra, Kedah Darul Aman on Thursday, 25 April 2019 at 10.00 a.m. to transact the following businesses:

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the Financial Year Ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.

*(See Explanatory Note 1)*

2. To re-elect the following Directors who retire in accordance with Article 86 of the Company’s Constitution.

- i. Haji Abdul Rahman bin Abdullah
- ii. Dato’ Asri bin Hamidin @ Hamidon

**(Resolution 1)**  
**(Resolution 2)**

*(See Explanatory Note 2)*

3. To approve the payment of Director’s Fees for the Financial Year Ended 31 December 2018.

**(Resolution 3)**

*(See Explanatory Note 3)*

4. To approve the payment of Director’s Benefits in accordance with Section 230(1) of the Companies Act 2016 with effect from the 24th Annual General Meeting until the next Annual General Meeting of the Company.

**(Resolution 4)**

*(See Explanatory Note 4)*

5. To re-appoint KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

**(Resolution 5)**

*(See Explanatory Note 5)*

### As Special Business

6. Special Resolution

**(Resolution 6)**

#### **Proposed Amendments of the Company’s Existing Memorandum and Articles of Association (“M&A”) (“Proposed Amendment”)**

“THAT the Company’s existing M&A be altered, modified, added and/or deleted, as the case may be, in the form and manner as set out in Appendix II of the Circular to Shareholders dated 2 April 2019 accompanying the Company’s Annual Report for the financial year ended 31 December 2018;

## Notice of 24th Annual General Meeting (Continued)

AND THAT the Directors be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendment with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities.”

*(See Explanatory Note 6)*

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company’s Constitution.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend, speak and vote at the 24th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd (Bursa Depository) in accordance with Article 52 of the Company’s Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 18 April 2019. Only a depositor whose name appears on the Record of Depositors as at 18 April 2019 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

By Order of the Board

**KHAIRULMUNA BINTI ABD GHANI**

(LS 0008190)

Company Secretary

Alor Setar,  
Kedah Darul Aman

2 April 2019

**Notes**

1. With regards to deposited securities, only members whose names appear in the Record of Depositors as at 18 April 2019 shall be eligible to attend and vote at the meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A member shall specify the shareholding proportion where two (2) proxies are appointed. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. The instrument appointing a proxy shall:
  - i. In the case of an individual, be signed by the appointer or by his/her attorney.

- ii. In the case of a corporation, be either under its common seal or under the hand of its duly authorised attorney or officer on behalf of the corporation.
5. The instrument appointing a proxy together with the power of attorney or other authority, shall be deposited at the Company's Registered Office at Aras 9, Menara BDB, 88, Lebuhraya Darulaman, 05100 Alor Setar, Kedah Darul Aman not less than forty eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
  6. For the purpose of determining who shall be entitled to attend this meeting the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd ("Depository") in accordance with Rules of the Depository, to issue Record of Depositors and make available to the Company pursuant to Article 52(iii) of the Company's Constitution and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
  7. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that he or she has obtained such proxy(ies) and /or representative's(s') prior consent for the Company's (or its agents) processing of such proxy(ies) and/or representative's(s') personal data for the Purposes, and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.
  8. Please refer to the Administrative Details circulated with this notice for the forthcoming 24th Annual General Meeting.
  9. Pursuant to Paragraph 8.29 of the Main Market Listing Requirements, all resolutions as set out in the Notice of AGM will be put to vote on poll.

#### **EXPLANATORY NOTES ON ORDINARY BUSINESS:**

##### **1. AUDITED FINANCIAL STATEMENTS**

The Audited Financial Statements for the financial year ended 31 December 2018 (FY2018) under Agenda 1 are laid before shareholders pursuant to provisions of Section 340(1)(a) of the Companies Act 2016 for discussion only and will not be put forward for voting.

##### **Resolution 1 and Resolution 2**

##### **2. RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 86 OF THE COMPANY'S CONSTITUTION**

- i. Directors who are standing for re-election or re-appointment at the 24th Annual General Meeting are Haji Abdul Rahman bin Abdullah and Dato' Asri bin Hamidin @ Hamidon. The profiles of the Directors who are standing for re-election or re-appointment are set out on page 18 to 19 of the Annual Report.

##### **Resolution 3 and Resolution 4**

##### **3. DIRECTORS' REMUNERATION**

- i. Pursuant to Section 230 (1) of the Companies Act, 2016, any Director's Remuneration including Directors' Fees provide amongst others, that the "fees" of the directors and "any benefits" payable to the directors of a listed

## Notice of 24th Annual General Meeting (Continued)

company shall be approved at a general meeting. In this respect the Board agreed that the shareholders' approval shall be sought at the 24th AGM on the Directors' Remuneration in two (2) separate resolutions as follows:

- **Resolution 3:** Payment of Directors' Fees in respect of the preceding year 2018. Details of the proposed Directors' Fees for the FY2018 are disclosed on page 59 of the Annual Report 2018.

The proposed Resolution 3, if passed, will authorise the payment of Directors' Fees to the directors.

- **Resolution 4:** Benefits payable to Non-Executive Directors (excluding Directors' Fees) for the period from 24th AGM until the next AGM of the Company (the Relevant Period) the proposed Resolution 4, if passed, will authorise the payment of Directors' Benefits of the NED at the Relevant Period. The Benefits comprise of Allowances, Benefits in-kind and other emoluments payable to the NEDs.

- ii. The Directors' remuneration (excluding Director's Fees) comprising meeting allowances and other emoluments payable to Chairman and members of the Board and Board Committees are as follows:

Description	Chairman 2019 (RM)	NEDs 2019 (RM)
a. <b>Monthly Fixed Allowance</b>	10,500	Not Applicable
	Chairman of Meeting (RM)	Member (RM)
b. <b>Meeting allowances per meeting:</b>		
- Board Meeting	3,500	3,000
- Board Committee Meetings		
i. Board Audit Committee Meeting	2,500	2,000
ii. Board Nomination, Remuneration and ESOS Committee Meeting	2,500	2,000
iii. Board Risk Committee Meeting	2,500	2,000
iv. Board Procurement Committee Meeting	2,500	2,000
v. Change Committee Meeting	2,000	1,500
c. <b>Annual General Meeting &amp; Extraordinary General Meeting</b>	2,500	2,000
d. <b>Other Allowances:</b>		
Training expenses for each director	20,000	

\* Non-Executive Directors ("NED")



- iii. The monthly fixed allowance given to the Chairman is in recognition of his significant roles in leadership contribution to the Company as well as expertise and responsibilities expected from Chairman.
- iv. The payment of the remuneration (excluding Director's Fees) to the NEDs will be made on monthly basis and/or as and when incurred if the proposed Resolution 4 has been passed at the 24th AGM. The Board is of the view that it is fair and equitable for the NEDs to be paid the Directors' Remuneration (excluding Directors' Fees) on a monthly basis and/or as when incurred given that they have duly discharged their responsibilities and provided their services to the Company throughout the Relevant Period.

#### **Resolution 5**

### **4. APPOINTMENT OF AUDITORS**

The Board Audit Committee (BAC) has considered the re-appointment of KPMG PLT as Auditors of the Company based on criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements. Both the BAC and the BOD had on 17 February 2019 recommended the re-appointment of KPMG PLT as Auditors of the Company, under Resolution 5.

#### **Resolution 6**

### **5. PROPOSED AMENDMENTS OF THE COMPANY'S EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION ("M&A") ("PROPOSED AMENDMENT")**

This proposed Special Resolution if passed, will give full effect to the Proposed Amendment as set out in Appendix II of the Circular to Shareholders dated 2 April 2019 accompanying the Company's Annual Report for the financial year ended 31 December 2018. The rationale of the Proposed Amendment is to ensure continued compliance and to bring the M&A of the Company in line with the following laws and regulations:

- (i) Latest amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
- (ii) Companies Act, 2016.

#### **Statement Accompanying Notice of 24th Annual General Meeting**

The Directors who are standing for re-election pursuant to Article 86 of the Company's Constitution are:

- (i) Haji Abdul Rahman bin Abdullah.
- (ii) Dato' Asri bin Hamidin @ Hamidon.

Further details of the abovementioned names are set out in the Profile of Directors which appear from page 18 to 19 of the Annual Report 2018.

#### **Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with our Personal Data Protection Notice set out in [www.bdb.com.my/privacy-policy](http://www.bdb.com.my/privacy-policy).

Further, you hereby warrant that relevant consent has been obtained for us to process any third party's personal data provided by you in accordance with our said Personal Data Protection Notice.

# Administrative Details

24TH ANNUAL GENERAL MEETING (AGM)  
25 APRIL 2019

## 1. REGISTRATION

- a) Registration will start at 8.30 a.m. at Damai Hall, BDB Hotels Sdn Bhd, Lot 888, Bandar Darulaman, 06007 Jitra, Kedah Darul Aman and will end at a time directed by the Chairman of the Meeting. There will be signages to the registration area and you will have to queue for registration.
- b) Please note that you will not be allowed to register on behalf of another person even with the original IC of that person is produced/presented.
- c) Please read the signage to ascertain where you should register yourself as a member or proxy for the meeting and join the queue accordingly.
- d) Please produce your ORIGINAL Identification Card (MYKAD) during registration for verification. Please make sure you collect your MYKAD thereafter.
- e) The registration counter will handle ONLY verification of identity and registration.
- f) After the registration, please vacate the registration area immediately.

## 2. IDENTIFICATION BARCODE

- a) You will be provided with an identification barcode upon verification and registration.
- b) The identification barcode must be worn throughout the AGM. No person will be allowed to enter the meeting room without the identification barcode.
- c) There will be no replacement in the event that you lose or misplace the identification barcode.

## 3. DOOR GIFT POLICY

- a) There is no Door Gift provided for this year.

## 4. REFRESHMENT

- a) Each member or proxy who is present at the AGM will be entitled for a light refreshment.
- b) Each member or proxy is NOT ALLOWED to take away foods.

## 5. MOBILE DEVICE

- a) Please ensure that all mobile devices i.e. phones/pagers/other sound emitting devices

are switched off or put on silent mode during the AGM to ensure smooth and uninterrupted proceedings.

## 6. PERSONAL BELONGINGS

- a) Please take care of your personal belongings. The organiser will not be held responsible for any item that has gone missing.

## 7. VOTING PROCEDURE

- a) The voting at the 24th AGM will be conducted on a poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements.
- b) The Company has appointed Bina Management (M) Sdn Bhd as Poll Administrator to conduct the poll and Niche Unity Consultant Sdn Bhd as Scrutineers to verify the poll results.
- c) Voting for each of the resolutions as set out in the Notice 24th AGM will take effect only upon the conclusion of the deliberations of all the businesses transacted at the 24th AGM.
- d) The registration for attendance will be closed, to facilitate commencement of the poll.
- e) Each shareholder/proxy is invited to cast his/her vote, and the whole polling process for the 24th AGM is expected to be concluded in 30 minutes.
- f) Thereafter, the results of the polling will be announced by the Chairman.

## 8. VENUE DIRECTION

- a) If using PLUS Highway, exit Bandar Darulaman, then turn right at the first traffic light.
- b) Turn left at the third and fourth traffic light.
- c) Turn right when you see Darulaman Golf & Country Club signages on your right.
- d) The venue meeting is at BDB Hotels Sdn Bhd.

## 9. PARKING

- a) Ample parking spaces are available at the AGM venue and free of charge.



# Financial Statements

for the year ended 31 December 2018

- |   |   |
|---|---|
| <b>90</b> Directors' Report   | <b>100</b> Statement of Profit or Loss and Other Comprehensive Income |
| <b>94</b> Consolidated Statement of Financial Position                            | <b>101</b> Statement of Changes in Equity                             |
| <b>95</b> Consolidated Statement of Profit or Loss and Other Comprehensive Income | <b>102</b> Statement of Cash Flows                                    |
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# Directors' Report

for the year ended 31 December 2018

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2018.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, provision of management services, oil palm plantation and property development whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

There has been no significant change in the nature of these activities during the financial year, except as disclosed in Note 5 to the financial statements.

## ULTIMATE HOLDING COMPANY

The Company is a subsidiary of Perbadanan Kemajuan Negeri Kedah, a statutory body formed in Malaysia and regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

## RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to :		
Owners of the Company	(42,204)	10,473
Non-controlling interests	(22)	-
	(42,226)	10,473

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

## DIVIDEND

No dividend was paid since the end of the previous financial year and the Directors do not recommend any dividend to be paid for the financial year under review.

## **Directors' Report** (Continued) for the year ended 31 December 2018

### **DIRECTORS OF THE COMPANY**

Directors who served during the financial year until the date of this report are:

Dato' Asri bin Hamidin @ Hamidon  
Tuan Haji Abdul Rahman bin Abdullah  
Sudirman bin Masduki  
Datuk Mohd Radzif bin Mohd Yunus  
Dato' Izham bin Yusoff (Deceased on 13.3.2018)  
Dato' Paduka Hj. Rasli bin Basir (Retired on 31.12.2018)

### **DIRECTORS OF THE SUBSIDIARIES**

Directors of the subsidiaries who served during the financial year until the date of this report are as follows :

YM Kol Dato' Tunku Aziz Bendahara bin Tunku Nong  
Tuan Haji Abdul Rahman bin Abdullah  
Fakhruzi bin Ahmad  
Tahir bin Md Zin  
Mohd Sobri bin Hussein (Appointed on 13.3.2018)  
Khairulmuna binti Abd Ghani (Appointed on 29.10.2018)  
Abdul Halim bin Hassan (Appointed on 1.1.2019)  
Mohd Iskandar Dzulkarnain bin Ramli (Appointed on 3.2.2019)  
Faris Najhan Bin Hashim (Resigned on 8.8.2018)  
Zambri bin Mat (Resigned on 31.10.2018)  
Dato' Abd Ghani @ Zulkifli bin Zainuddin (Deceased on 13.3.2018)  
Dato' Izham bin Yusoff

### **DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related company 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.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### **ISSUE OF SHARES AND DEBENTURES**

There were no changes in issued and paid-up capital of the Company and no debentures were issued during the financial year.

## **Directors' Report** (Continued) for the year ended 31 December 2018

### **OPTIONS GRANTED OVER UNISSUED SHARES**

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

### **INDEMNITY AND INSURANCE COSTS**

During the financial year, the total amount of insurance cost effected for Directors and officers of the Company is RM115,000.

### **OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that :

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist :

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the year ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## **Directors' Report** (Continued) for the year ended 31 December 2018

### **AUDITORS**

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 20 to the financial statements.

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

.....  
**Dato' Asri bin Hamidin @ Hamidon**

Director

.....  
**Haji Abdul Rahman bin Abdullah**

Director

Alor Setar,

Date : 19 March 2019

# Consolidated Statement of Financial Position

as at 31 December 2018

	Note	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
<b>Assets</b>				
Property, plant and equipment	3	99,319	98,703	83,081
Investment properties	4	40,560	36,000	36,000
Inventories	6	353,810	332,343	302,200
Other investments	7	135	446	7,110
Deferred tax assets	8	-	190	1,056
<b>Total non-current assets</b>		493,824	467,682	429,447
Inventories	6	71,853	92,426	110,546
Contract assets	9.1	11,286	27,182	42,513
Contract costs	9.2	131	11	57
Trade and other receivables	10	83,638	73,196	423,144
Current tax assets		10,618	9,613	586
Other investments	7	13,394	-	-
Deposits with licensed banks	11	17,388	22,162	25,448
Cash and bank balances	12	42,878	97,592	52,552
<b>Total current assets</b>		251,186	322,182	654,846
<b>Total assets</b>		745,010	789,864	1,084,293
<b>Equity</b>				
Share capital	13	331,020	331,020	303,855
Reserves	14	127,642	169,846	222,928
<b>Total equity attributable to owners of the Company</b>		458,662	500,866	526,783
<b>Non-controlling interests</b>		-	22	55
<b>Total equity</b>		458,662	500,888	526,838
<b>Liabilities</b>				
Deferred tax liabilities	8	813	101	101
Loans and borrowings	15	34,436	36,461	36,042
<b>Total non-current liabilities</b>		35,249	36,562	36,143
Trade and other payables	16	110,987	124,911	190,677
Contract liabilities	9.1	17,897	2,709	3,706
Current tax payables		-	-	7,802
Loans and borrowings	15	122,215	124,794	319,127
<b>Total current liabilities</b>		251,099	252,414	521,312
<b>Total liabilities</b>		286,348	288,976	557,455
<b>Total equity and liabilities</b>		745,010	789,864	1,084,293

The notes on pages 104 to 196 are an integral part of these financial statements.



# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2018

	Note	2018 RM'000	2017 RM'000 Restated
Revenue	17	203,390	251,707
Cost of sales	18	(191,628)	(198,669)
<b>Gross profit</b>		11,762	53,038
Distribution expenses		(7,979)	(18,438)
Administrative expenses		(41,708)	(43,982)
Other operating income		6,635	4,792
Other operating expenses		(176)	(600)
<b>Results from operating activities</b>		(31,466)	(5,190)
Finance costs	19	(7,868)	(5,720)
<b>Loss before tax</b>	20	(39,334)	(10,910)
Tax expense	23	(2,892)	(1,367)
<b>Loss and total comprehensive expense for the year</b>		(42,226)	(12,277)
<b>Loss and total comprehensive expense for the year attributable to :</b>			
Owners of the Company		(42,204)	(12,244)
Non-controlling interests		(22)	(33)
<b>Loss and total comprehensive expense for the year</b>		(42,226)	(12,277)
<b>Basic loss per ordinary share (sen)</b>	24	(13.89)	(4.03)

The notes on pages 104 to 196 are an integral part of these financial statements.

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2018

	Note	Attributable to owners of the Company			Non-controlling interests RM'000	Total equity RM'000	
		Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings RM'000			Total RM'000
<b>At 1 January 2017, as previously reported</b>		303,855	27,165	205,978	536,998	55	537,053
Adjustment on initial application of MFRS 15, net of tax	31	-	-	(10,215)	(10,215)	-	(10,215)
<b>At 1 January 2017, restated</b>		303,855	27,165	195,763	526,783	55	526,838
Loss and total comprehensive expense for the year		-	-	(12,244)	(12,244)	(33)	(12,277)
Total distribution to owners - Dividend to owners of the Company	25	-	-	(13,673)	(13,673)	-	(13,673)
Transfer in accordance with Section 618(2) of the Companies Act 2016		27,165	(27,165)	-	-	-	-
<b>At 31 December 2017, restated</b>		331,020	-	169,846	500,866	22	500,888
<b>At 1 January 2018, as previously reported</b>		331,020	-	184,708	515,728	22	515,750
Adjustment on initial application of MFRS 15, net of tax	31	-	-	(14,862)	(14,862)	-	(14,862)
<b>At 1 January 2018, restated</b>		331,020	-	169,846	500,866	22	500,888
Loss and total comprehensive expense for the year		-	-	(42,204)	(42,204)	(22)	(42,226)
<b>At 31 December 2018</b>		331,020	-	127,642	458,662	-	458,662

The notes on pages 104 to 196 are an integral part of these financial statements.

# Consolidated Statement of Cash Flows

for the year ended 31 December 2018

	Note	2018 RM'000	2017 RM'000 Restated
<b>Cash flows from operating activities</b>			
Loss before tax		(39,334)	(10,910)
Adjustments for :			
Depreciation of property, plant and equipment	3	10,248	9,170
Property, plant and equipment written off		95	10
Gain on disposal of property, plant and equipment		(129)	(479)
Dividend income from other investments		-	(6)
Interest income		(1,528)	(1,682)
Interest expense		7,868	5,720
Change in fair value of investment properties		(2,395)	-
Operating (loss)/profit before working capital changes		(25,175)	1,823
Changes in working capital :			
Contract assets		15,896	15,331
Trade and other receivables		(10,442)	349,948
Inventories		(3,059)	(12,023)
Trade and other payables		(13,924)	(65,766)
Contract liabilities		15,188	(997)
Contract costs		(120)	46
<b>Cash (used in)/generated from operations</b>		<b>(21,636)</b>	<b>288,362</b>
Interest paid		(7,868)	(5,720)
Income taxes paid		(2,995)	(17,330)
<b>Net cash (used in)/from operating activities</b>		<b>(32,499)</b>	<b>265,312</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3.1	(9,720)	(23,281)
Proceeds from disposal of property, plant and equipment		239	608
Proceeds from disposal of other investments		-	6,664
Purchase of other investments		(13,083)	-
Dividend received		-	6
Interest income received		1,528	1,682
<b>Net cash used in investing activities</b>		<b>(21,036)</b>	<b>(14,321)</b>

## Consolidated Statement of Cash Flows (Continued)

for the year ended 31 December 2018

	Note	2018 RM'000	2017 RM'000 Restated
<b>Cash flows from financing activities</b>			
Dividend paid to shareholders of the Company	25	-	(13,673)
Drawdown of loans	B	55	85,572
Repayment of loans	B	(5,650)	(285,860)
Movement of other borrowings	B	2,683	5,848
Repayment of finance lease payables	B	(3,312)	(2,490)
(Placement)/Withdrawal of pledged deposits		(501)	847
<b>Net cash used in financing activities</b>		(6,725)	(209,756)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(60,260)	41,234
<b>Cash and cash equivalents at beginning of the year</b>		94,509	53,275
<b>Cash and cash equivalents at end of the year</b>	A	34,249	94,509

### Note:

#### A. Cash and cash equivalents

	2018 RM'000	2017 RM'000
Cash and bank balances	42,878	97,592
Deposits placed with licensed banks	17,388	22,162
Less : Deposits pledged	(6,520)	(6,019)
Bank overdrafts	(19,497)	(19,226)
	34,249	94,509

#### B. Reconciliation of movement of liabilities to cash flows arising from financing activities

	Note	At 1 January 2018 RM'000	Drawdown during the year# RM'000	Repayment during the year RM'000	At 31 December 2018 RM'000
Term loans & SUKUK		94,973	55	(5,650)	89,378
Finance lease liabilities		8,153	1,349	(3,312)	6,190
Revolving credits		34,800	7,200	(4,000)	38,000
Banker acceptances		4,103	-	(517)	3,586
<b>Total loan and borrowings</b>	15	142,029	8,604	(13,479)	137,154

# The Group acquired plant and equipment by finance lease (Note 3.1).

The notes on pages 104 to 196 are an integral part of these financial statements.

# Statement of Financial Position

as at 31 December 2018

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Assets</b>				
Property, plant and equipment	3	14,713	16,113	16,823
Investment properties	4	16,356	16,356	16,356
Investment in subsidiaries	5	115,683	109,910	66,922
Inventories	6	217,602	213,426	213,068
Other investments	7	-	311	6,974
<b>Total non-current assets</b>		<b>364,354</b>	<b>356,116</b>	<b>320,143</b>
Inventories	6	4,671	7,123	7,123
Trade and other receivables	10	21,133	27,668	33,788
Current tax assets		106	161	206
Other investments	7	13,394	-	-
Cash and bank balances	12	3,602	7,224	940
<b>Total current assets</b>		<b>42,906</b>	<b>42,176</b>	<b>42,057</b>
<b>Total assets</b>		<b>407,260</b>	<b>398,292</b>	<b>362,200</b>
<b>Equity</b>				
Share capital	13	331,020	331,020	303,855
Reserves	14	16,661	6,188	37,158
<b>Total equity</b>		<b>347,681</b>	<b>337,208</b>	<b>341,013</b>
Loans and borrowings	15	50,138	50,138	106
Trade and other payables	16	8,342	10,130	20,271
<b>Total current liabilities</b>		<b>58,480</b>	<b>60,268</b>	<b>20,377</b>
Deferred tax liability	8	842	421	421
Loans and borrowings	15	257	395	389
<b>Total non-current liabilities</b>		<b>1,099</b>	<b>816</b>	<b>810</b>
<b>Total liabilities</b>		<b>59,579</b>	<b>61,084</b>	<b>21,187</b>
<b>Total equity and liabilities</b>		<b>407,260</b>	<b>398,292</b>	<b>362,200</b>

The notes on pages 104 to 196 are an integral part of these financial statements.

# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2018

	Note	2018 RM'000	2017 RM'000
Revenue	17	30,880	30,165
Cost of sales	18	(3,466)	(708)
<b>Gross profit</b>		27,414	29,457
Distribution expenses		(864)	(2,298)
Administrative expenses		(12,615)	(14,701)
Other operating income		2,060	1,515
Other operating expenses		(5,038)	(3,864)
<b>Results from operating activities</b>		10,957	10,109
Finance costs	19	(63)	(241)
<b>Profit before tax</b>	20	10,894	9,868
Tax expense	23	(421)	-
<b>Profit and total comprehensive income for the year</b>		10,473	9,868

The notes on pages 104 to 196 are an integral part of these financial statements.

# Statement of Changes in Equity

for the year ended 31 December 2018

	Note	Share capital RM'000	Non-distributable Share premium RM'000	Distributable Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2017</b>		303,855	27,165	9,993	341,013
Profit and total comprehensive income for the year		-	-	9,868	9,868
Total distribution to owners					
- Dividend to owners of the Company	25	-	-	(13,673)	(13,673)
Transfer in accordance with Section 618(2) of the Companies Act 2016	13	27,165	(27,165)	-	-
<b>At 31 December 2017/1 January 2018</b>		331,020	-	6,188	337,208
Profit and total comprehensive income for the year		-	-	10,473	10,473
<b>At 31 December 2018</b>		331,020	-	16,661	347,681

The notes on pages 104 to 196 are an integral part of these financial statements.

# Statement of Cash Flows

for the year ended 31 December 2018

	Note	2018 RM'000	2017 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		10,894	9,868
Adjustments for :			
Depreciation of property, plant and equipment	3	1,454	1,706
Gain on disposal of property, plant and equipment		(98)	(47)
Dividend income		(23,000)	(24,000)
Interest income		(308)	(311)
Interest expense		63	241
Property, plant and equipment written off		52	-
Impairment loss on investment in subsidiaries		4,016	-
Operating loss before working capital changes		(6,927)	(12,543)
Changes in working capital :			
Inventories		(1,724)	(358)
Trade and other receivables		6,535	6,120
Trade and other payables		(1,788)	(10,141)
<b>Cash used in operations</b>		(3,904)	(16,922)
Interest paid		(63)	(241)
Taxes refund		55	45
Dividend received		23,000	24,000
<b>Net cash from operating activities</b>		19,088	6,882
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3.1	(204)	(844)
Proceeds from disposal of plant and equipment		196	47
Proceeds from disposal of other investments		-	6,663
Purchase of other investments		(13,083)	-
Interest income received		308	311
Advances/(to) subsidiaries		(9,789)	(42,988)
<b>Net cash used in investing activities</b>		(22,572)	(36,811)



## Statement of Cash Flows (Continued)

for the year ended 31 December 2018

	Note	2018 RM'000	2017 RM'000
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders of the Company	25	-	(13,673)
Repayment of finance lease payables	A	(138)	(114)
Drawdown of SUKUK		-	50,000
<b>Net cash (used in)/from financing activities</b>		(138)	36,213
<b>Net (decrease)/increase in cash and bank balances</b>		(3,622)	6,284
<b>Cash and bank balances at beginning of the year</b>		7,224	940
<b>Cash and bank balances at end of the year</b>	12	3,602	7,224

### Note

A. *Changes in liabilities arising from financing activities are as follows :*

	Note	At 1 January 2018 RM'000	Repayment during the year RM'000	At 31 December 2018 RM'000
SUKUK		50,000	-	50,000
Finance lease liabilities		533	(138)	395
<b>Total loan and borrowings</b>	15	50,533	(138)	50,395

The notes on pages 104 to 196 are an integral part of these financial statements.

# Notes to the Financial Statements

Bina Darulaman Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the principal place of business and registered office of the Company is as follows:

Aras 9, Menara BDB  
No. 88, Lebuhraya Darulaman  
05100 Alor Setar  
Kedah Darul Aman

The consolidated financial statements of the Company as at and for the year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 December 2018 do not include other entities.

The principal activities of the Company are investment holding, provision of management services, oil palm plantation and property development whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements.

The ultimate holding company is Perbadanan Kemajuan Negeri Kedah, a statutory body formed in Malaysia.

The financial statements were approved by the Board of Directors on 19 March 2019.

## 1. BASIS OF PREPARATION

### (a) Statement of compliance

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 and the requirements of the Companies Act 2016 in Malaysia. These are the Group's and the Company's first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial year, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). The financial impacts on transition to MFRS are disclosed in Note 31 to the financial statements.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company :

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019***

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Long-term Interests in Associates and Joint Ventures*

# Notes to the Financial Statements (Continued)

## 1. BASIS OF PREPARATION (CONTINUED)

### (a) Statement of compliance (Continued)

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020***

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021***

- MFRS 17, *Insurance Contracts*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable, in the respective financial years when the abovementioned accounting standards, interpretations and amendments become effective.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned below :

#### **MFRS 16, Leases**

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company are currently assessing the financial impact that may arise from the adoption of MFRS 16.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

# Notes to the Financial Statements (Continued)

## 1. BASIS OF PREPARATION (CONTINUED)

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes :

- Note 8      Deferred tax assets/(liabilities)
- Note 17.3    Revenue

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 January 2017 (the transition date to MFRS framework), unless otherwise stated.

Arising from the adoption of MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

- i) financial instruments;
- ii) revenue recognition; and
- iii) impairment losses of financial instruments

as compared to those adopted in previous financial statements. The impacts arising from the changes are disclosed in Note 31.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (Continued)

##### (i) Subsidiaries (Continued)

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

##### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

##### (iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (Continued)

##### (v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

##### (vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

##### (vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (b) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

# Notes to the Financial Statements (Continued)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (b) Property, plant and equipment (Continued)

#### (i) Recognition and measurement (Continued)

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in profit or loss.

#### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows :

Leasehold land	1.25%
Office buildings, club house, chalets and others	2% - 10%
Estate development expenditure	10%
Plant and machinery and site equipment	10% - 20%
Furniture and fittings, electrical installations and office equipment	20% - 25%
Renovation	20%
Motor vehicles	20%

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

### (c) Investment property

#### (i) Investment property carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Investment property (Continued)

##### (i) Investment property carried at fair value (Continued)

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

##### (ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

#### (d) Leases assets

##### (i) Finance lease

Leases in terms of which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or an investment property if held to earn rental income or for capital appreciation or for both.



## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Leases assets (Continued)

##### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

#### (e) Financial instruments

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

##### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

##### *Current financial year*

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Financial instruments (Continued)

##### (i) Recognition and initial measurement (Continued)

###### *Previous financial year*

A financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not recognised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

##### (ii) Financial instrument categories and subsequent measurement

###### *Financial assets*

###### *Current financial year*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

##### (a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see note 2(i)(i)) where the effective interest rate is applied to the amortised cost.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Financial instruments (Continued)

##### (ii) *Financial instrument categories and subsequent measurement (Continued)*

###### *Financial assets (Continued)*

###### *Current financial year (Continued)*

##### (b) *Fair value through profit or loss*

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(i)(i)).

###### *Previous financial year*

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows :

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

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Financial instruments (Continued)

##### (ii) Financial instrument categories and subsequent measurement (Continued)

###### *Financial assets (Continued)*

###### *Previous financial year (Continued)*

##### (b) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial assets except for those measured at fair value through profit or loss, were subject to impairment assessment (see Note 2(i)(i)).

###### *Financial liabilities*

###### *Current financial year*

The categories of financial liabilities at initial recognition are as follows:

###### *Amortised cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

###### *Previous financial year*

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Financial instruments (Continued)

##### (iii) *Financial guarantee contracts*

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

##### **Current financial year**

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

##### **Previous financial year**

In the previous financial year, fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

##### (iv) *Regular way purchase or sale of financial assets*

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in current year.

Trade date accounting refers to :

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to :

- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired assets.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Financial instruments (Continued)

##### (v) *Derecognition*

A financial asset or part of it is derecognised when, and only, when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### (vi) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

#### (f) Inventories

Inventories are stated at lower of cost and net realisable value.

##### (i) *Land held for property development*

Land held for property development consists of land or such portions thereof on which no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

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

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

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Inventories (Continued)

##### (ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including interest expense incurred during the period of active development.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

##### (iii) Others

The cost of building materials and consumables is determined using the weighted average method and comprises the cost of purchase of the inventories.

The cost of completed properties is determined on the specific identification basis and comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (g) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2 (i)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received or the amount is due from the customers.

#### (h) Contract cost

##### (i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

##### (ii) Costs to fulfill a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Contract cost (Continued)

These contracts costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has impaired, the impairment loss is reversed to the extent that the carrying amount of the contracts cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

#### (i) Impairment

##### (i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

##### **Current financial year**

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.



## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (i) Impairment (Continued)

##### (i) Financial assets (Continued)

###### *Current financial year (Continued)*

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

###### *Previous financial year*

All financial assets (except for financial assets categories as fair value through profit or loss and investment in subsidiaries) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale was not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (i) Impairment (Continued)

##### (ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (group of cash-generating units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks including the accounts maintained pursuant to the Housing Development (Housing Development Account) Regulations 1991, and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits and bank overdrafts.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### (l) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(c), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Income tax (Continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (n) Revenue and other income

##### (i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

##### ***Nature of goods and services***

The following is a description of the principal activities, separated by reportable segments from which the Group generates its revenue. For more detailed information about reportable segments, see Note 30.

##### ***Property development and construction segments***

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation :

- direct measurement of the value transferred by the Group to the customer (e.g. surveys or appraisals of performance completed to date); or
- the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the financial reporting period as a percentage of total estimated costs for complete satisfaction of the contract)

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Revenue and other income (Continued)

##### (i) Revenue (Continued)

###### *Property development and construction segments (Continued)*

If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling price of the goods or services promised in the contract.

###### *Road building and quarry segments*

Revenue is recognised at the point in time. Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, net of returns and allowances, trade discounts and volume rebates.

###### *Leisure and hospitality segment*

The income from water theme park entrance fees, rental of rooms, subscription and green fees, rental of golfing facilities and other related income are recognised at the point in time.

##### (ii) Rental income

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

##### (iii) Dividend income

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

##### (iv) Management fees

Management fees are recognised when services are rendered.

##### (v) Interest income and profit from Islamic deposit

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

#### (o) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (o) Employee benefits (Continued)

##### (i) Short-term employee benefits (Continued)

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### (p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### (q) Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own share held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

## Notes to the Financial Statements (Continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (r) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director/Executive Committee of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

#### (s) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

##### (i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

##### (ii) Ordinary shares

Ordinary shares are classified as equity.

#### (t) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## Notes to the Financial Statements (Continued)

### 3. PROPERTY, PLANT AND EQUIPMENT

	*Land, buildings and estate development expenditure RM'000	Plant and machinery and site equipment RM'000	#Others RM'000	Motor vehicles RM'000	Construction work-in-progress RM'000	Total RM'000
<b>Group</b>						
<b>Cost</b>						
At 1 January 2017	61,993	60,989	15,749	13,913	1,533	154,177
Additions	15,345	3,771	3,594	1,476	744	24,930
Disposals	-	(1,866)	(440)	(1,161)	-	(3,467)
Write off	-	-	(89)	-	-	(89)
Reclassification	1,942	-	-	-	(1,942)	-
At 31 December 2017/ 1 January 2018	79,280	62,894	18,814	14,228	335	175,551
Additions	6,106	2,480	1,929	270	284	11,069
Disposals	-	(617)	(999)	(617)	-	(2,233)
Write off	-	-	(452)	(4)	-	(456)
At 31 December 2018	85,386	64,757	19,292	13,877	619	183,931
<b>Accumulated depreciation</b>						
At 1 January 2017	12,859	40,708	9,100	8,429	-	71,096
Depreciation charge for the year	877	3,603	2,669	2,021	-	9,170
Disposals	-	(1,829)	(349)	(1,161)	-	(3,339)
Write off	-	-	(79)	-	-	(79)
At 31 December 2017/ 1 January 2018	13,736	42,482	11,341	9,289	-	76,848
Depreciation charge for the year	1,833	3,510	3,087	1,818	-	10,248
Disposals	-	(617)	(938)	(568)	-	(2,123)
Write off	-	-	(357)	(4)	-	(361)
At 31 December 2018	15,569	45,375	13,133	10,535	-	84,612



## Notes to the Financial Statements (Continued)

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	*Land, buildings and estate development expenditure RM'000	Plant and machinery and site equipment RM'000	#Others RM'000	Motor vehicles RM'000	Construction work-in-progress RM'000	Total RM'000
<b>Group</b>						
<b>Carrying amounts</b>						
At 1 January 2017	49,134	20,281	6,649	5,484	1,533	83,081
At 31 December 2017/ 1 January 2018	65,544	20,412	7,473	4,939	335	98,703
At 31 December 2018	69,817	19,382	6,159	3,342	619	99,319

# Others comprise furniture and fittings, electrical installations and office equipment as well as renovation.

\* Land, buildings and estate development expenditure for the Group :

	Freehold land RM'000	Long term leasehold land RM'000	Office building RM'000	Golf course RM'000	Club house, chalets and other buildings RM'000	Estate development expenditure RM'000	Total RM'000
<b>Group</b>							
<b>Cost</b>							
At 1 January 2017	8,905	6,316	12,290	9,606	24,015	861	61,993
Additions	-	-	15,280	-	65	-	15,345
Reclassification	-	-	-	-	1,942	-	1,942
At 31 December 2017/ 1 January 2018	8,905	6,316	27,570	9,606	26,022	861	79,280
Additions	690	-	1,099	-	4,317	-	6,106
At 31 December 2018	9,595	6,316	28,669	9,606	30,339	861	85,386

## Notes to the Financial Statements (Continued)

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

\* Land, buildings and estate development expenditure for the Group (continued):

	Freehold land RM'000	Long term leasehold land RM'000	Office building RM'000	Golf course RM'000	Club house, chalets and other buildings RM'000	Estate development expenditure RM'000	Total RM'000
<b>Group</b>							
<b>Accumulated depreciation</b>							
At 1 January 2017	-	1,133	3,493	-	7,372	861	12,859
Depreciation charge for the year	-	79	407	-	391	-	877
At 31 December 2017/ 1 January 2018	-	1,212	3,900	-	7,763	861	13,736
Depreciation charge for the year	-	79	1,260	-	494	-	1,833
At 31 December 2018	-	1,291	5,160	-	8,257	861	15,569
<b>Carrying amounts</b>							
At 1 January 2017	8,905	5,183	8,797	9,606	16,643	-	49,134
At 31 December 2017/ 1 January 2018	8,905	5,104	23,670	9,606	18,259	-	65,544
At 31 December 2018	9,595	5,025	23,509	9,606	22,082	-	69,817

## Notes to the Financial Statements (Continued)

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Long term leasehold land RM'000	Office building RM'000	Estate development expenditure RM'000	Plant and machinery RM'000	#Others RM'000	Motor vehicles RM'000	Total RM'000
<b>Company</b>							
<b>Cost</b>							
At 1 January 2017	6,000	11,458	861	3,343	5,580	1,653	28,895
Additions	-	-	-	-	844	152	996
Disposal	-	-	-	-	(9)	(353)	(362)
At 31 December 2017/ 1 January 2018	6,000	11,458	861	3,343	6,415	1,452	29,529
Additions	-	-	-	65	139	-	204
Disposal	-	-	-	-	(943)	(349)	(1,292)
Written off	-	-	-	-	(326)	-	(326)
At 31 December 2018	6,000	11,458	861	3,408	5,285	1,103	28,115
<b>Accumulated depreciation</b>							
At 1 January 2017	1,087	2,979	861	3,343	3,007	795	12,072
Depreciation charge for the year	75	230	-	-	1,151	250	1,706
Disposals	-	-	-	-	(9)	(353)	(362)
At 31 December 2017/ 1 January 2018	1,162	3,209	861	3,343	4,149	692	13,416
Depreciation charge for the year	75	229	-	1	926	223	1,454
Disposals	-	-	-	-	(895)	(299)	(1,194)
Written off	-	-	-	-	(274)	-	(274)
At 31 December 2018	1,237	3,438	861	3,344	3,906	616	13,402

Others comprise furniture and fittings, electrical installations and office equipment as well as renovation.

## Notes to the Financial Statements (Continued)

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Long term leasehold land RM'000	Office building RM'000	Estate development expenditure RM'000	Plant and machinery RM'000	#Others RM'000	Motor vehicles RM'000	Total RM'000
<b>Company</b>							
<b>Carrying amounts</b>							
At 1 January 2017	4,913	8,479	-	-	2,573	858	16,823
At 31 December 2017/ 1 January 2018	4,838	8,249	-	-	2,266	760	16,113
At 31 December 2018	4,763	8,020	-	64	1,379	487	14,713

# Others comprise furniture and fittings, electrical installations and office equipment as well as renovation.

#### 3.1 Assets under finance lease

During the financial year, the Group and the Company acquired property, plant and equipment by the following means :

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Group</b>			
Finance lease	1,349	1,649	7,500
Cash and cash equivalents	9,720	23,281	14,097
	11,069	24,930	21,597
<b>Company</b>			
Finance lease	-	152	586
Cash and cash equivalents	204	844	591
	204	996	1,177

## Notes to the Financial Statements (Continued)

### 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### 3.1 Assets under finance lease (Continued)

Included in the carrying amount of property, plant and equipment are the following assets acquired under finance lease arrangement :

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Group</b>			
Plant and machinery	9,412	10,300	10,247
Motor vehicles	1,671	1,016	1,437
	11,083	11,316	11,684
<b>Company</b>			
Motor vehicles	-	152	586

Details of the finance lease arrangements are disclosed in Note 15.2.

#### 3.2 Fully depreciated assets

Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use costing RM37,560,000 (31.12.2017 : RM36,114,000 and 1.1.2017 : RM36,102,000) and RM930,000 (31.12.2017 : RM1,383,000 and 1.1.2017 : RM1,745,000) respectively.

## Notes to the Financial Statements (Continued)

### 4. INVESTMENT PROPERTIES

	Freehold land RM'000	Leasehold land RM'000	Asset under construction RM'000	Total RM'000
<b>Group</b>				
<b>At fair value</b>				
At 1 January 2017/31 December 2017/1 January 2018	19,400	16,600	-	36,000
Transfer from inventories (Note 6.1)	17	-	2,148	2,165
Change in fair value recognised in profit or loss	2,395	-	-	2,395
At 31 December	21,812	16,600	2,148	40,560
<b>Company</b>				
<b>At fair value</b>				
At 1 January 2017/31 December 2017	2,326	14,030	-	16,356
At 1 January 2018/31 December 2018	2,326	14,030	-	16,356

#### 4.1 The following are recognised in profit or loss in respect of investment property:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Group</b>			
Direct operating expenses :			
- non-income generating investment property	2,183	1,950	1,878
<b>Company</b>			
Rental income	120	120	120
Direct operating expenses :			
- income generating investment property	16	43	12

#### 4.2 Security

The entire investment property of the Group is pledged as security for borrowing (Note 15.1).

#### 4.3 Fair value information

Investment property of the Group comprises undeveloped land located at Langkawi and Axis Commercial Hub in progress. Investment property of the Company comprises serviced apartment that is leased to a subsidiary to earn rental income or held for capital appreciation. The fair value of the properties is classified as level 3 where there have been no recent transactions of similar properties at or near reporting date.

## Notes to the Financial Statements (Continued)

### 4. INVESTMENT PROPERTY (CONTINUED)

#### 4.3 Fair value information (Continued)

Level 3 fair value is estimated using unobservable inputs for the investment properties. The valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models are disclosed in the following paragraphs.

Fair value is determined by the independent external valuer using the comparable approach with relevant adjustments being made to key attributes such as the timing of the transaction, land size and shape, accessibility of the location, zoning, tenure and etc.

The most significant input into this valuation approach is price per square foot which would increase/(decrease) the estimated fair value if the price per square foot is higher/(lower).

### 5. INVESTMENT IN SUBSIDIARIES - COMPANY

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Unquoted shares, at cost	78,325	59,258	59,258
Accumulated impairment losses	(5,116)	(1,100)	(1,100)
Advances to subsidiaries*	73,209 42,474	58,158 51,752	58,158 8,764
	115,683	109,910	66,922

\* The advances to subsidiaries as at year end were classified as non-current as the Company recognised these amounts as a long term source of capital to those subsidiaries.

#### 5.1 The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest and voting interest		
			31.12.2018 %	31.12.2017 %	1.1.2017 %
BDB Land Sdn. Bhd. (BDB Land)*	Malaysia	Property development, investment holding and project management services	100	100	100
BDB Synergy Sdn. Bhd.	Malaysia	Building and general contractor	100	100	100
BDB Infra Sdn. Bhd.	Malaysia	Granite quarry operator and civil engineering contractor	100	100	100

## Notes to the Financial Statements (Continued)

### 5. INVESTMENT IN SUBSIDIARIES - COMPANY (CONTINUED)

#### 5.1 The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest and voting interest		
			31.12.2018 %	31.12.2017 %	1.1.2017 %
Kedah Holdings Sdn. Bhd.*	Malaysia	Property development and property investment	100	100	100
BDB Construction Sdn. Bhd.	Malaysia	Dormant	100	100	100
BDB Ventures Sdn. Bhd.	Malaysia	Under Member's Voluntary Winding-Up	100	100	100
BDB Hotels Sdn. Bhd.*	Malaysia	Dormant	100	100	100
BDB Trading Sdn. Bhd.	Malaysia	Under Member's Voluntary Winding-Up	100	100	100
Aman Lagenda Sdn. Bhd.#	Malaysia	Property investment	100	100	100
BDB I Holdings Bhd#	Malaysia	Under Member's Voluntary Winding-Up	100	100	100
BDB Leisures Sdn. Bhd.	Malaysia	Water theme park operator	100	100	-
<b>Subsidiaries of BDB Land:</b>					
BDB Darulaman Golf Resort Berhad (BDGRB)*^	Malaysia	Golf resort owner and operator	99	99	99

\* The Company has provided financial support to these subsidiaries.

^ 52,218 ordinary shares of RM1 each are equivalent to 99% and are held by subsidiaries of the Company.

# A wholly-owned subsidiary of which 2 ordinary shares are held in trust by one of the former Directors of the Company.



## Notes to the Financial Statements (Continued)

### 5. INVESTMENT IN SUBSIDIARIES - COMPANY (CONTINUED)

#### 5.2 Non-controlling interest in a subsidiary

The Group's subsidiary that have material non-controlling interests ("NCI") is as follows:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>NCI percentage of ownership interest and voting interest - BDGRB</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
Carrying amount of NCI	-	22	56
Loss allocated to NCI	22	33	28
<b>Summarised financial information before intra-group elimination :</b>			
<b>As at 31 December</b>			
Non-current assets	14,664	14,803	15,299
Current assets	943	1,455	1,185
Non-current liabilities	(261)	(407)	(405)
Current liabilities	(16,059)	(14,124)	(11,777)
Net/(Liabilities) assets	(713)	1,727	4,302
<b>Year ended 31 December</b>			
Revenue	6,118	6,156	5,891
Loss and total comprehensive expense for the year	2,440	2,574	2,194
Cash flows from operating activities	859	357	380
Cash flows used in investing activities	(654)	(180)	(58)
Cash flows used in financing activities	(288)	(285)	(202)
Net (decrease)/increase in cash and cash equivalents	(83)	(108)	120
Dividend paid to NCI	-	-	-

## Notes to the Financial Statements (Continued)

### 6. INVENTORIES

	Note	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
<b>Group</b>				
<i>Non-current</i>				
Land held for property development	6.1	353,810	332,343	302,200
<i>Current</i>				
At cost :				
Properties held for sale	6.3	45,781	29,859	16,059
Consumables and spares		4,845	2,088	1,850
Building materials		2,255	4,648	4,986
		52,881	36,595	22,895
Property development costs	6.2	18,972	55,831	87,651
		71,853	92,426	110,546
<b>Company</b>				
<i>Non-current</i>				
Land held for property development	6.1	217,602	213,426	213,068
<i>Current</i>				
At cost :				
Properties held for sale		4,671	7,123	7,123

## Notes to the Financial Statements (Continued)

### 6. INVENTORIES (CONTINUED)

#### 6.1 Land held for property development

	Freehold land RM'000	Leasehold land RM'000	Total RM'000
<b>Group</b>			
At 1 January 2017	248,393	53,807	302,200
Additions (Note 6.1.4)	21,795	358	22,153
Transferred from property development costs (Note 6.2)	20,084	-	20,084
At 31 December 2017, as previously reported	290,272	54,165	344,437
Adjustment on initial application of MFRS 15, net of tax	(12,094)	-	(12,094)
At 1 January 2018, restated	278,178	54,165	332,343
Additions (Note 6.1.4)	30,211	-	30,211
Transferred to property development costs (Note 6.2)	(6,579)	-	(6,579)
Transfer to investment properties (Note 4)	(2,165)	-	(2,165)
At 31 December 2018	299,645	54,165	353,810
<b>Company</b>			
At 1 January 2017	161,176	51,892	213,068
Additions	-	358	358
At 31 December 2017/1 January 2018	161,176	52,250	213,426
Additions	-	4,176	4,176
At 31 December 2018	161,176	56,426	217,602

##### 6.1.1 Other outgoing costs

Included in land held for property development of the Group and Company are amount of RM102,222,000 (31.12.2017 : RM97,156,000 and 1.1.2017: RM52,191,000) and RM11,076,000 (31.12.2017 : RM11,025,000 and 1.1.2017: RM10,667,000) respectively representing other outgoing cost incurred.

##### 6.1.2 Security

Freehold land of the Group with carrying amount of RM29,957,000 (31.12.2017: RM26,712,000 and 1.1.2017 : RM19,913,000) are pledged as security for borrowings (Note 15.1).

## Notes to the Financial Statements (Continued)

### 6. INVENTORIES (CONTINUED)

#### 6.1 Land held for property development (Continued)

##### 6.1.3 Joint venture arrangement

Included in land held for property development is an amount of RM6,958,000 (31.12.2017 : RM7,085,000 and 1.1.2017 : RM6,689,000) representing freehold land and development expenditure incurred for a joint venture project.

The joint venture agreement is with the ultimate holding company whereby the Group acquired a piece of land from the ultimate holding company for mixed development purposes. The profits, if any, from the joint venture project is to be shared at the following proportion by the two parties and are payable on percentage of completion basis.

	31.12.2018	31.12.2017	1.1.2017
The Group	80%	80%	80%
Ultimate holding company	20%	20%	20%

Losses, if any, from the joint venture project will be borne by the Group.

##### 6.1.4 Additions cost incurred during the year

Included in additions incurred during the year are the following costs :

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Interest expense (Note 19)	261	32	147

#### 6.2 Property development costs - Group

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
At 1 January			
Land	508	974	676
Development costs	55,323	86,677	21,585
	55,831	87,651	22,261
<i>Add :</i>			
Development costs incurred during the year (Note 6.2.1)	13,917	63,085	174,315
Transferred from/(to) land held for property development (Note 6.1)	6,579	(7,990)	2,089
	20,496	55,095	176,404

## Notes to the Financial Statements (Continued)

### 6. INVENTORIES (CONTINUED)

#### 6.2 Property development costs - Group (Continued)

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Less :			
Transferred to properties held for sale	(32,836)	(24,474)	-
Cost transferred to cost to fulfil contract (Note 9.2)	(24,519)	(62,441)	(111,014)
	(57,355)	(86,915)	(111,014)
At 31 December *	18,972	55,831	87,651
* This amount comprises :			
Freehold land	7,180	508	974
Development costs	11,792	55,323	86,677
	18,972	55,831	87,651

#### 6.2.1 Development costs incurred during the year

Included in the development costs incurred during the year are the following costs:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Interest expense (Note 19)	3,301	5,197	3,478

#### 6.2.2 Security

The freehold land with carrying amount of RM7,023,000 (31.12.2017: RM6,174,000 and 1.1.2017 : RM676,000) are pledged on security for borrowings (Note 15.1).

#### 6.3 Properties hold for sale

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM42,864,000 (31.12.2017 : RM60,534,000 and 1.1.2017 : RM65,776,000).

## Notes to the Financial Statements (Continued)

### 7. OTHER INVESTMENTS

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Group</b>			
Financial assets at fair value through profit or loss			
- non-current	135	446	7,110
- current	13,394	-	-
	13,529	446	7,110
<b>Company</b>			
<i>Current</i>			
Financial assets at fair value through profit or loss			
- non-current	-	311	6,974
- current	13,394	-	-
	13,394	311	6,974

## Notes to the Financial Statements (Continued)

### 8. DEFERRED TAX ASSETS/(LIABILITIES)

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following :

	Assets			Liabilities			Net	
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Group</b>								
Capital allowance carry-forwards	-	-	2	-	-	-	-	2
Property, plant and equipment - capital allowances	-	-	-	(1,314)	(2,888)	(2,032)	(2,888)	(2,032)
Other temporary differences	704	3,078	3,086	-	-	-	3,078	3,086
Real Property Gain Tax (RPGT) on changes in fair value of investment property	-	-	-	(203)	(101)	(101)	(101)	(101)
Tax assets/(liabilities)	704	3,078	3,088	(1,517)	(2,989)	(2,133)	89	955
Set-off of tax	(704)	(2,888)	(2,032)	704	2,888	2,032	-	-
	-	190	1,056	(813)	(101)	(101)	89	955
<b>Company</b>								
RPGT on changes in fair value of investment property	-	-	-	(842)	(421)	(421)	(421)	(421)

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

## Notes to the Financial Statements (Continued)

### 8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

#### Recognised deferred tax assets and liabilities (Continued)

Movements in temporary differences during the year are as follows :

	At 1 January 2017 RM'000	Charged to profit or loss (Note 23) RM'000	At 31 December 2017/ 1 January 2018 RM'000	Charged to profit or loss (Note 23) RM'000	At 31 December 2018 RM'000
<b>Group</b>					
Capital allowance carry-forwards	2	(2)	-	-	-
Property, plant and equipment-capital allowances	(2,032)	(856)	(2,888)	1,574	(1,314)
Other temporary differences	3,086	(8)	3,078	(2,374)	704
RPGT on changes in fair value of investment property	(101)	-	(101)	(102)	(203)
	955	(866)	89	(902)	(813)
<b>Company</b>					
RPGT on changes in fair value of investment property	(421)	-	(421)	(421)	(842)

#### Unrecognised deferred tax assets

No deferred tax assets have been recognised for the following items (stated at gross) :

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Group</b>			
Tax losses carry-forward	63,699	29,112	21,584
Capital allowances carry-forward	28,427	24,419	18,924
Other temporary differences	4,786	3,536	(7,436)
	96,912	57,067	33,072



## Notes to the Financial Statements (Continued)

### 8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

#### Unrecognised deferred tax assets (Continued)

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Company</b>			
Tax losses carry-forward	17,978	14,496	11,490
Capital allowances carry-forward	3,507	3,123	2,672
Other temporary differences	7,310	6,601	3,049
	28,795	24,220	17,211

Based on the Finance Act 2018, the tax loss carry-forward up to year of assessment 2018 shall be deductible against aggregate of statutory income until year of assessment 2025. Any amount not deducted at the end of year of assessment 2025 shall be disregarded. The unabsorbed capital allowances do not expire under current tax legislation. Certain deferred tax assets have not been recognised as it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised tax losses carry-forward, capital allowances carry-forward and other temporary differences available to the subsidiaries and the Company.

### 9. CONTRACT WITH CUSTOMERS - GROUP

#### 9.1 Contract assets/(liabilities)

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Contract assets	11,286	27,182	42,513
Contract liabilities	(17,897)	(2,709)	(3,706)

Significant changes to contract assets and contract liabilities balances during the period are as follows :

	2018 RM	2017 RM
<b>Group</b>		
Contract liabilities at the beginning of the period recognised as revenue	2,709	3,706

## Notes to the Financial Statements (Continued)

### 9. CONTRACT WITH CUSTOMERS - GROUP (CONTINUED)

#### 9.1 Contract assets/(liabilities) (Continued)

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Opening balance	24,473	38,807	8,352
Revenue recognised as a result of changes in the measure of progress	91,014	129,712	238,127
Decrease due to progress billings raised during the year	(122,098)	(144,046)	(207,672)
Closing balance	(6,611)	24,473	38,807
Represented by:			
Contract assets	11,286	27,182	42,515
Contract liabilities	(17,897)	(2,7090)	(3,706)
	(6,611)	24,473	38,807

The cost incurred to date on construction contracts included the following charges made during the financial year :

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Depreciation	-	-	74
Hire of plant and machinery	-	-	89
Rental of premises	20	19	17
Interest expense (Note 19)	7	9	5
Staff costs	4,823	4,381	4,410

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its property development and construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract, which revenue is recognised over time during the property development and constructions activities.

#### 9.2 Contracts costs

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
<i>Cost to fulfil a contract</i>			
Opening balance	11	57	-
Transfer from property development costs (Note 6.2)	24,519	62,441	111,014
Costs charged to profit or loss	(24,399)	(62,487)	(110,957)
Closing balance	131	11	57

## Notes to the Financial Statements (Continued)

### 10. TRADE AND OTHER RECEIVABLES

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Group</b>				
<b>Trade</b>				
Third parties		74,704	59,207	151,848
Amount due from a related company	10.1	-	200	256,939
Amount due from ultimate holding company	10.2	3,558	3,595	4,569
		78,262	63,002	413,356
Less : Allowance for impairment		(3,893)	(2,161)	(2,343)
		74,369	60,841	411,013
Retention sums		1,117	2,166	1,959
		75,486	63,007	412,972
<b>Non-trade</b>				
Amount due from ultimate holding company	10.2	12	12	12
Prepayments		1,110	1,746	1,161
Refundable deposits		5,112	6,424	6,994
Other receivables		2,588	2,537	2,449
		8,822	10,719	10,616
Less : Allowance for impairment - third parties		(670)	(530)	(444)
		8,152	10,189	10,172
		83,638	73,196	423,144

## Notes to the Financial Statements (Continued)

### 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Company</b>				
<b>Trade</b>				
Third parties		796	931	992
Less : Allowance for impairment		(434)	-	-
		362	931	992
<b>Non-trade</b>				
Amount due from subsidiaries	10.3	26,501	31,187	31,159
Prepayments		309	723	264
Refundable deposits		392	690	3,031
Other receivables		409	552	893
		27,611	33,152	35,347
Less : Allowance for impairment				
- third parties		-	(66)	(53)
- subsidiaries		(6,840)	(6,349)	(2,498)
		20,771	26,737	32,796
		21,133	27,668	33,788

#### 10.1 Amount due from a related company

The trade amount due from a related company was subject to normal trade terms.

The trade amount due from a related company of RM256,939,101 at 1.1.2017 was unsecured, subject to fixed interest at 4.20% per annum. The Group had granted deferred payment terms and the receivables were recognised based on their net present values discounted at a rate of 5.96% per annum. The discount rate was estimated based on cost of borrowings on inception date. The entire amount has been fully repaid in 2017.

#### 10.2 Amounts due from ultimate holding company

The trade amount due from ultimate holding company is subject to normal trade terms. The non-trade amount due from ultimate holding company is unsecured, interest-free and repayable on demand.

#### 10.3 Amounts due from subsidiaries

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

## Notes to the Financial Statements (Continued)

### 11. DEPOSITS WITH LICENSED BANKS - GROUP

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Aged more than 3 months	6,859	7,128	6,827
Aged within 3 months	10,529	15,034	18,621
	17,388	22,162	25,448

Deposits placed with the licensed banks which are government-related entities amounted to RM10,253,000 (31.12.2017 : RM19,831,000 and 1.1.2017 : RM7,215,000).

Deposits of the Group amounted to RM6,520,000 (31.12.2017 : RM6,019,000 and 1.1.2017 : RM6,865,000) are pledged for bank facilities granted to the Group (Note 15.1).

### 12. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are amounts of RM7,674,000 (31.12.2017: RM8,095,000 and 1.1.2017 : RM8,340,000), where the utilisation is subject to the Housing Development (Housing Development Account) Regulations 1991.

Cash and bank balances of the Group and of the Company that were placed in banks which are government-related entities amounted to RM36,560,000 (31.12.2017 : RM73,404,000 and 1.1.2017 : RM20,548,000) and RM3,408,000 (31.12.2017 : RM6,858,000 and 1.1.2017 : RM613,000) respectively.

### 13. SHARE CAPITAL - GROUP/COMPANY

	31.12.2018		31.12.2017		1.1.2017	
	Amount RM'000	Number of shares	Amount RM'000	Number of shares	Amount RM'000	Number of shares
<b>Issued and paid-up ordinary shares</b>						
At beginning of year	331,020	303,855	303,855	303,855	303,855	303,855
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note 13.1)	-	-	27,165	-	-	-
At end of year	331,020	303,855	331,020	303,855	303,855	303,855

## Notes to the Financial Statements (Continued)

### 13. SHARE CAPITAL - GROUP/COMPANY (CONTINUED)

13.1 In accordance with Section 618(2) of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. Included in share capital is share premium amounting to RM27,165,000 that is available to be utilized in accordance with Section 618(3) of the Companies Act on or before 30 January 2019 (24 months from commencement of Section 74).

### 14. RESERVES

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
<b>Group</b>			
<b>Non-distributable</b>			
Share premium	-	-	27,165
<b>Distributable</b>			
Retained earnings	127,642	169,846	195,763
	127,642	169,846	222,928
<b>Company</b>			
<b>Non-distributable</b>			
Share premium	-	-	27,165
<b>Distributable</b>			
Retained earnings	16,661	6,188	9,993
	16,661	6,188	37,158

The movements in the reserves are disclosed in statements of changes in equity.

#### Share premium

Share premium comprise the premium paid on subscription of shares in the Company over and above the par value of the shares.

In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

## Notes to the Financial Statements (Continued)

### 15. LOANS AND BORROWINGS

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Group</b>				
<b>Current</b>				
Secured :				
Term loan 1		-	-	242,303
Term loan 2		4,490	7,915	3,268
Term loan 3		3,970	3,970	1,970
Term loan 4		-	1,680	18,140
Bankers' acceptances		3,586	4,103	-
Unsecured :				
Bank overdrafts		19,497	19,226	17,861
Revolving credit		38,000	34,800	33,054
Islamic commercial papers -Sukuk Wakalah Programme (SUKUK)		50,000	50,000	-
Finance lease liabilities	15.2	2,672	3,100	2,531
		122,215	124,794	319,127
<b>Non-current</b>				
Secured :				
Term loans :				
Term loan 2		21,109	17,685	22,332
Term loan 3		9,809	13,723	7,249
Finance lease liabilities	15.2	3,518	5,053	6,461
		34,436	36,461	36,042
		156,651	161,255	355,169
<b>Company</b>				
<b>Current</b>				
Islamic commercial papers -Sukuk Wakalah Programme (SUKUK)				
	15.2	50,000	50,000	-
Finance lease liabilities		138	138	106
		50,138	50,138	106
<b>Non-current</b>				
Finance lease liabilities	15.2	257	395	389
		50,395	50,533	495

## Notes to the Financial Statements (Continued)

### 15. LOANS AND BORROWINGS (CONTINUED)

#### 15.1 Security

##### *Term loan 1*

Term loan 1 relates to Syndicated Islamic Financing Facility up to RM330 million, (RM200 million by Bank Islam Malaysia Berhad and RM130 million by Affin Islamic Bank Berhad) for the Kolej Universiti Insaniah (KUIN) project and was secured by way of :

- (a) first legal charge over the KUIN Campus;
- (b) deposits pledged with licensed banks as disclosed in Note 11;
- (c) letter of comfort from Kedah State Government;
- (d) corporate guarantee by the Company of RM330 million;
- (e) assignment of project site rights; and
- (f) a first fixed charge over the Designated Accounts.

During the financial year 2017, the Group made early settlement of the term loan upon the receipt of repayment from Kedah State Government (see Note 10.1).

##### *Term loan 2*

Term loan 2 relates to Murabahah Term Financing-i up to RM25,600,000 by Affin Islamic Bank Berhad to finance 80% of the purchase price of 2 parcels of industrial land located at Langkawi and is secured by way of :

- (a) first legal charge over the lands as disclosed in Note 4.2; and
- (b) corporate guarantee by the Company of RM25.6 million.

##### *Term loan 3*

Term loan 3 relates to Musharakah Mutanaqisah Term Financing-i up to RM9,850,000 by Affin Islamic Bank Berhad to finance 80% of the purchase price of 2 parcels of land located at Pokok Sena and Kuala Kangsar and is secured by way of:

- (a) first legal charge over the lands for development as disclosed in Notes 6.1.2 and 6.2.2; and
- (b) corporate guarantee by the Company of RM9.85 million.

##### *Term loan 4*

Term loan 4 relates to facility from Maybank Islamic Bank Berhad to finance the construction cost and development expenditures and is secured by way of:

- (a) first legal charge over the lands as disclosed in Note 6.1.2; and
- (b) corporate guarantee by the Company of RM280 million.



## Notes to the Financial Statements (Continued)

### 15. LOANS AND BORROWINGS (CONTINUED)

#### 15.1 Security (Continued)

##### *Islamic Commercial Papers – Sukuk Wakalah Programme (SUKUK)*

The unsecured Islamic Commercial Papers bear interest rates ranging from 4.60% to 4.72% (2017 : 4.50% to 4.60%) per annum.

##### **Bankers' acceptances**

Bankers' acceptances related to facility from OCBC Al-Amin Bank Berhad for working capital purposes and was secured by cash deposit and a corporate guarantee from the Company.

##### **Revolving credit**

Revolving credit relates to facility from Affin Islamic Bank Berhad and Bank Islam Malaysia Berhad for working capital purpose.

## Notes to the Financial Statements (Continued)

### 15. LOANS AND BORROWINGS (CONTINUED)

#### 15.2 Finance lease liabilities

Finance lease liabilities are payable as follows :

	31.12.2018			31.12.2017			1.1.2017		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
<b>Group</b>									
Less than 1 year	2,986	314	2,672	3,522	422	3,100	3,034	503	2,531
Between 1 and 5 years	3,786	268	3,518	5,468	415	5,053	7,144	683	6,461
	6,772	582	6,190	8,990	837	8,153	10,178	1,186	8,992
<b>Company</b>									
Less than 1 year	161	23	138	161	23	138	126	20	106
Between 1 and 5 years	299	42	257	460	65	395	460	71	389
	460	65	395	621	88	533	586	91	495

## Notes to the Financial Statements (Continued)

### 16. TRADE AND OTHER PAYABLES

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Group</b>				
<b>Trade</b>				
Trade payables		87,202	93,604	131,945
Amount due to ultimate holding company	16.1	137	69	9,870
		87,339	93,673	141,815
<b>Non-trade</b>				
Other payables and accruals	16.2	21,905	30,278	47,791
Refundable deposits		793	907	1,014
Amount due to related companies	16.3	950	2	30
Dividend payable		-	51	27
		23,648	31,238	48,862
		110,987	124,911	190,677
<b>Company</b>				
<b>Trade</b>				
Trade payables		-	-	76
<b>Non-trade</b>				
Other payables and accruals	16.2	6,243	7,606	12,322
Refundable deposits		470	662	785
Amount due to related companies	16.3	1,629	1,811	7,061
Dividend payable		-	51	27
		8,342	10,130	20,195
		8,342	10,130	20,271

#### 16.1 Amount due to ultimate holding company

The trade amount due to ultimate holding company is unsecured and subject to normal trade term.

#### 16.2 Other payables and accruals

Included in other payables and accruals of the Group and the Company is an amount of RM4,125,000 (31.12.2017 : RM5,020,000, 1.1.2017 : RM6,950,000) payable to ultimate holding company for acquisition of land in 2015. The amount is unsecured, interest-free and repayable on demand.

## Notes to the Financial Statements (Continued)

### 16. TRADE AND OTHER PAYABLES (CONTINUED)

#### 16.3 Amount due to related companies

The non-trade amounts due to related companies are unsecured, interest-free and payable on demand.

### 17. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
<b>Revenue from contract customers</b>				
<i>Over time</i>				
- Sales of development properties	27,390	71,115	-	-
- Revenue from construction contracts	63,624	58,597	-	-
	91,014	129,712	-	-
<i>At a point in time</i>				
- Sales of completed properties and land	16,569	9,805	2,812	-
- Revenue from sand quarry, road paving and premix aggregate	84,392	101,383	-	-
- Revenue from water theme park, golf resort and hotel operations	9,564	7,743	-	-
- Sales of oil palm fresh fruit bunches	1,657	2,922	1,435	2,532
	112,182	121,853	4,247	2,532
	203,196	251,565	4,247	2,532
<b>Other revenue</b>				
Management fees from subsidiaries	-	-	3,633	3,633
Dividend income from subsidiaries	-	-	23,000	24,000
Others	194	142	-	-
	194	142	26,633	27,633
	203,390	251,707	30,880	30,165

#### 17.1 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

## Notes to the Financial Statements (Continued)

### 17. REVENUE (CONTINUED)

#### 17.1 Transaction price allocated to the remaining performance obligations (Continued)

	2019 RM'000	2020 RM'000	Total RM'000
<b>Group</b>			
Sales of development properties and land	30,474	8,338	38,812
Revenue from sand quarry, road paving and premix aggregate	5,528	-	5,528
Revenue from construction contracts	31,247	-	31,247
	67,249	8,338	75,587

The above revenue does not include variable consideration other than rebates given to customers.

The Group applies the following practical expedients:

- exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.
- exemption not to adjust the promised amount of consideration for the effects of a significant financing component when the period between the transfer of a promised good or service to a customer and when the customer pays for that good or service is one year or less.

#### 17.2 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- The Group recognised property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date compared to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of architects and quantitative surveyors.

## Notes to the Financial Statements (Continued)

### 17. REVENUE (CONTINUED)

#### 17.3 Revenue

##### Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sales of development properties	Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use and the Group have rights to payment for work performed.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Defect liability period of 2 years is given to the customer.
Sales of completed properties and land	Revenue is recognised when the goods are delivered and accepted by the customers	Credit period of 90 days from invoice date.	Not applicable.	Not applicable.	Defect liability period of 0.5 years is given to the customer.
Revenue from sand quarry, road paving and premix aggregate	Revenue is recognised when the goods are delivered and accepted by the customers	Credit period of 60 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Revenue from construction contracts	Revenue is recognised over time using the cost incurred method.	Based on agreed milestones, certified by architects.	Not applicable.	Not applicable.	Defect liability period of 2 years is given to the customer.
Revenue from water theme park, golf resort and hotel operations	Revenue is recognised at a point in time when the goods and services are rendered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.
Revenue of oil palm fresh fruit bunches	Revenue is recognised at a point in time when the goods and services are rendered.	Credit period of 30 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

## Notes to the Financial Statements (Continued)

### 18. COSTS OF SALES

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Cost of development properties and land sold	52,683	69,506	2,452	-
Sand quarry, road paving and premix aggregate costs	86,574	80,081	-	-
Construction contract costs	41,734	41,979	-	-
Cost of water theme park, golf resort and hotel operations	9,236	6,030	-	-
Cost of oil palm fresh fruit bunches sold	1,124	848	1,014	708
Others	277	225	-	-
	191,628	198,669	3,466	708

### 19. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expenses	11,176	10,958	63	241
Less :				
- land held for property development (Note 6.1.4)	-	(32)	-	-
- property development costs (Note 6.2.1)	(3,301)	(5,197)	-	-
- construction contract costs (Note 9.1)	(7)	(9)	-	-
	7,868	5,720	63	241

## Notes to the Financial Statements (Continued)

### 20. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
After charging :				
Auditors' remuneration :				
- Statutory audit	344	300	135	115
Other services by :				
- KPMG PLT	123	78	58	8
- affiliate of KPMG PLT	74	88	17	16
Depreciation of property, plant and equipment	10,248	9,170	1,454	1,706
Property, plant and equipment written off	95	10	52	-
Rental expense	450	407	243	273
Impairment loss on :				
- Investment in subsidiaries	-	-	4,016	-
- Trade receivables	1,976	244	434	-
- Subsidiaries	-	-	491	3,851
- Other receivables	206	86	-	13
Bad debts written off	98	-	98	-
Royalties and tributes	1,735	1,631	-	-
and after crediting :				
Changes in fair value of investment properties	2,395	-	-	-
Rental income	837	801	1,186	1,097
Gain on disposal of property, plant and equipment	129	479	98	47
Interest income				
- Other investments	130	232	130	232
- Others	1,398	1,450	178	79
Dividend income from :				
- Subsidiaries	-	-	23,000	24,000
- Other investments	-	6	-	-
Bad debts recovered	-	50	-	-
Reversal of impairment loss on trade receivables	-	425	-	-



## Notes to the Financial Statements (Continued)

### 21. EMPLOYEE BENEFITS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Personnel expense (including key management personnel)				
Wages and salaries	24,902	24,414	4,568	5,066
Social security costs	396	336	66	54
Contributions to defined contribution plan	3,630	3,921	696	1,019
Other benefits	2,979	2,854	932	979
	31,907	31,525	6,262	7,118

### 22. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive Director :				
Fees	7	36	7	36
Salaries and other emoluments	373	1,235	373	1,235
	380	1,271	380	1,271
Current Non-Executive Directors :				
Fees	180	142	180	142
Other emoluments	702	379	702	379
	882	521	882	521
Past Non-Executive Directors :				
Fees	-	65	-	65
Other emoluments	55	150	55	150
	55	215	55	215

## Notes to the Financial Statements (Continued)

### 22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The key management personnel compensation are as follows (Continued):

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other Directors :				
Fees	107	54	-	-
Salaries and other emoluments	903	599	430	-
	1,010	653	430	-
Total directors' remuneration	2,327	2,660	1,747	2,007
Estimated monetary value of benefits-in-kind	11	16	11	16
Total directors' remuneration including benefits-in-kind	2,338	2,676	1,758	2,023
Senior management of the Group :				
Salaries and other emoluments	1,013	2,834	1,013	2,575
	3,351	5,510	2,771	4,598

### 23. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Tax expense	2,892	1,367	421	-

Major components of income tax expense include :

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Income tax expense</b>				
- Current year	2,258	4,032	-	-
- Over provision in prior years	(268)	(3,531)	-	-
	1,990	501	-	-

## Notes to the Financial Statements (Continued)

### 23. TAX EXPENSE (CONTINUED)

Major components of income tax expense include (Continued) :

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Deferred tax expense</b>				
- Origination and reversal of temporary differences	104	788	421	-
- (Over)/Under provision in prior years	798	78	-	-
	902	866	421	-
<b>Total tax expense</b>	<b>2,892</b>	<b>1,367</b>	<b>421</b>	<b>-</b>

### Reconciliation of tax expense

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
(Loss)/Profit before tax	(39,334)	(10,910)	10,894	9,868
Tax calculated using Malaysian tax rate at 24%	(9,440)	(2,618)	2,615	2,368
Non-deductible expenses	2,138	1,680	2,047	1,711
Non-taxable income	-	-	(5,520)	(5,760)
Effect of change in fair value of investment properties *	101	-	421	-
Effect of deferred tax assets not recognised	9,563	5,758	858	1,681
Under/(Over) provision in prior years	530	(3,453)	-	-
<b>Income tax expense recognised in profit or loss</b>	<b>2,892</b>	<b>1,367</b>	<b>421</b>	<b>-</b>

\* The Finance Act 2018 announced the change in RPGT rate from 5% to 10% on disposal of properties held for more than 5 years with effect from 1 January 2019.

## Notes to the Financial Statements (Continued)

### 24. BASIC LOSS PER ORDINARY SHARE

The calculation of basic loss per ordinary share at 31 December was based on the loss attributable to ordinary shareholders and number of ordinary shares in issue during the year, calculated as follows :

	Group	
	2018	2017 Restated
Loss for the year attributable to owners (RM'000)	42,204	12,244
Number of ordinary shares at 31 December	303,855	303,855
Basic loss per ordinary share (sen)	13.89	4.03

### 25. DIVIDEND

	Total amount RM'000	Date of payment
<b>2017</b>		
Final dividend of 4.50 sen per share for financial year 2016	13,673	27 April 2017

### 26. COMMITMENTS

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Property, plant and equipment</b>						
Contracted but not provided for	1,021	1,136	16,955	21	13	266

### 27. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company 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 or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has related party relationship with its significant investors, subsidiaries of the Company and significant investors, government related entities, Directors and key management personnel.

## Notes to the Financial Statements (Continued)

### 27. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

- (a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year :

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
<b>Subsidiaries:</b>				
Rental income	-	-	375	299
Dividend income	-	-	23,000	24,000
Management fees	-	-	3,633	3,633
Rendering of services	-	-	171	6
Interest income	-	-	159	72
Rental expenses	-	-	133	131
<b>Ultimate holding company :</b>				
Progress billings charged	-	433	-	-
Rental of quarry land	100	100	-	-
Tributes charged	756	674	-	-
Acquisition of land	4,125	-	4,125	-
<b>Related party -subsidiaries of ultimate holding company :</b>				
Insurance payable	3,111	2,147	652	413
Propertymanagement fee payable	45	61	45	61
Revenue from oil palm	1,627	2,922	1,435	2,532
Estate agency fee payable	102	194	102	194
<b>Government-related financial institutions:</b>				
Interest income	1,003	1,355	149	6
Interest expenses	7,453	4,818	63	241
<b>State Government-related entities:</b>				
Quit rent and assessment	669	711	48	257
Water expenses	233	209	8	10
Progress billing	41,610	82,997	-	-
Royalties payable	979	957	-	-
Acquisition of land	2,374	-	-	-
<b>Federal Government-related entities:</b>				
Sewerage expenses	95	93	8	8
Electricity expenses	2,586	2,218	192	240
Progress billing	37,846	17,024	-	-

## Notes to the Financial Statements (Continued)

### 27. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) Transaction with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 22.

### 28. FINANCIAL INSTRUMENTS

#### 28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:

- (a) Amortised cost ("AC"); and  
(b) Fair value through profit or loss ("FVTPL").

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
<b>Financial assets</b>			
<b>31.12.2018</b>			
<b>Group</b>			
Other investments	13,529	-	13,529
Trade and other receivables (excluding prepayments)	82,528	82,528	-
Deposits with licensed banks	17,388	17,388	-
Cash and bank balances	42,878	42,878	-
	156,323	142,794	13,529
<b>Company</b>			
Other investments	13,394	-	13,394
Trade and other receivables (excluding prepayments)	50,324	50,324	-
Cash and bank balances	3,602	3,602	-
	67,320	53,926	13,394

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.1 Categories of financial instruments (Continued)

	Carrying amount RM'000	AC RM'000
<b>Financial liabilities</b>		
<b>31.12.2018</b>		
<b>Group</b>		
Loans and borrowings	156,651	156,651
Trade and other payables	110,987	110,987
	267,638	267,638
<b>Company</b>		
Loans and borrowings	50,395	50,395
Trade and other payables	8,342	8,342
	58,737	58,737

The table below provides an analysis of financial instruments categorised under MFRS 139 as follows:

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit and loss ("FVTPL"); and
- (c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R RM'000	FVTPL RM'000
<b>Financial assets</b>			
<b>31.12.2017</b>			
<b>Group</b>			
Other investments	446	-	446
Trade and other receivables (excluding prepayments)	71,450	71,450	-
Deposits with licensed banks	22,162	22,162	-
Cash and bank balances	97,592	97,592	-
	191,650	191,204	446

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.1 Categories of financial instruments (Continued)

	Carrying amount RM'000	L&R RM'000	FVTPL RM'000
<b>Company</b>			
Other investments	311	-	311
Trade and other receivables (excluding prepayments)	26,945	26,945	-
Cash and bank balances	7,224	7,224	-
	34,480	34,169	311
<b>1.1.2017</b>			
<b>Group</b>			
Other investments	7,110	-	7,110
Trade and other receivables (excluding prepayments)	421,983	421,983	-
Deposits with licensed banks	25,448	25,448	-
Cash and bank balances	52,552	52,552	-
	507,093	499,983	7,110
<b>Financial assets</b>			
<b>1.1.2017</b>			
<b>Company</b>			
Other investments	6,974	-	6,974
Trade and other receivables (excluding prepayments)	33,524	33,524	-
Cash and bank balances	940	940	-
	41,438	34,464	6,974



## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.1 Categories of financial instruments (Continued)

	Carrying amount RM'000	FL RM'000
<b>Financial liabilities</b>		
<b>31.12.2017</b>		
<b>Group</b>		
Loans and borrowings	161,255	161,255
Trade and other payables	124,911	124,911
	286,166	286,166
<b>Company</b>		
Loans and borrowings	50,533	50,533
Trade and other payables	10,130	10,130
	60,663	60,663
<b>Financial liabilities</b>		
<b>1.1.2017</b>		
<b>Group</b>		
Loans and borrowings	355,169	355,169
Trade and other payables	190,677	190,677
	545,846	545,846
<b>Company</b>		
Loans and borrowings	495	495
Trade and other payables	20,271	20,271
	20,766	20,766

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.2 Net gains and losses arising from financial instruments :

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net gains/(losses) arising on				
- Fair value through profit or loss	130	232	130	232
- Loans and receivables	-	1,601	-	(3,785)
- Financial assets at amortised cost	(882)	-	(845)	-
- Financial liabilities measured at amortised cost	(11,176)	(10,958)	(63)	(241)
	(11,928)	(9,125)	(778)	(3,794)

#### 28.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

#### 28.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

##### Trade receivables and contract assets

##### *Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.4 Credit risk (Continued)

##### Trade receivables and contract assets (Continued)

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

At the reporting date, approximately 82% (31.12.2017 : 68% and 1.1.2017 : 24%) of the Group's trade receivables were due from a group of customers which are past due but not impaired. The Directors of the Company are of the opinion that no allowance for impairment is necessary as the balances are still considered fully recoverable.

Other than the above the Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The disclosure of the credit risk exposure for trade receivables as at the end of the reporting period by geographic region is not disclosed as the Group's and the Company's business is operated solely in Malaysia.

##### *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

##### *Recognition and measurement of impairment losses*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments except for construction, road paving and property development segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

For construction contracts and road paving, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The Group does not have any significant credit risk from its property development activities as its products are predominantly sold to a large number of property purchasers with end financing facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties revert to the Group in the event of default, and the products do not suffer from physical, technological nor fashion obsolescence.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets (excluded retention sum) as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.4 Credit risk (Continued)

##### Trade receivables and contract assets (Continued)

##### Recognition and measurement of impairment losses (Continued)

	Gross carrying amount RM'000	2018 Loss allowances credit impaired RM'000	Net balance RM'000
<b>Group</b>			
Current (not past due)	24,501	-	24,501
1 - 30 days past due	22,349	-	22,349
31 - 60 days past due	5,367	-	5,367
61 - 90 days past due	3,545	-	3,545
	55,762	-	55,762
<b>Credit impaired</b>			
More than 90 days past due	29,893	-	29,893
Individually impaired	3,893	(3,893)	-
	89,548	(3,893)	85,655
Trade receivables	78,262	(3,893)	74,369
Contract assets	11,286	-	11,286
	89,548	(3,893)	85,655
<b>Company</b>			
Current (not past due)	362	-	362
More than 90 days past due	434	(434)	-
	796	(434)	362

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.4 Credit risk (Continued)

##### Trade receivables and contract assets (Continued)

##### *Recognition and measurement of impairment losses (Continued)*

The movement in the allowance for impairment losses in respect of trade receivables during the year is as follows:

	Group RM'000	Company RM'000
<b>2018</b>		
<b>Trade receivable credit impaired</b>		
Balance at 1 January as per MFRS 9/MFRS 139	2,161	-
Amount written off	(244)	-
Net remeasurement of loss allowance	1,976	434
Balance at 31 December	3,893	434

##### *Comparative under MFRS 139 Financial Instruments : Recognition and Measurement*

The aging of trade receivables as at 31 December 2017 and 1 January 2017 were as follows :

	Gross RM'000	Individual impairment/ Collective impairment RM'000	Net RM'000
<b>Group</b>			
<b>31.12.2017</b>			
Not past due	19,328	-	19,328
Past due less than 30 days	14,927	-	14,927
Past due 31 - 60 days	8,061	-	8,061
Past due 61 - 90 days	4,179	-	4,179
Past due more than 90 days	16,507	(2,161)	14,346
	63,002	(2,161)	60,841

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.4 Credit risk (Continued)

##### Trade receivables and contract assets (Continued)

Comparative under MFRS 139 Financial Instruments : Recognition and Measurement (Continued)

	Gross RM'000	Individual impairment/ Collective impairment RM'000	Net RM'000
<b>Company</b>			
31.12.2017			
Not past due	-	-	-
Past due less than 30 days	372	-	372
Past due 31 - 60 days	142	-	142
Past due 61 - 90 days	-	-	-
Past due more than 90 days	417	-	417
	931	-	931
<b>Group</b>			
<b>1.1.2017</b>			
Not past due	311,883	-	311,883
Past due less than 30 days	26,749	-	26,749
Past due 31 - 60 days	22,240	-	22,240
Past due 61 - 90 days	16,224	-	16,224
Past due more than 90 days	36,260	(2,343)	33,917
	413,356	(2,343)	411,013
<b>Company</b>			
<b>1.1.2017</b>			
Not past due	-	-	-
Past due less than 30 days	111	-	111
Past due 31 - 60 days	5	-	5
Past due 61 - 90 days	148	-	148
Past due more than 90 days	728	-	728
	992	-	992

# Notes to the Financial Statements (Continued)

## 28. FINANCIAL INSTRUMENTS (CONTINUED)

### 28.4 Credit risk (Continued)

#### Trade receivables and contract assets (Continued)

*Comparative under MFRS 139 Financial Instruments : Recognition and Measurement (Continued)*

#### *Impairment losses*

The movements in the allowance for impairment losses of trade receivables during the financial year were :

	Group 2017 RM'000
At 1 January	2,343
Impairment loss recognised	244
Impairment loss reversal	(425)
At 31 December	2,162

The allowance account in respect of receivable is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

#### **Investments and other financial assets**

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations. The Group does not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

#### **Inter company balances**

#### *Recognition and measurement of impairment loss*

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.4 Credit risk (Continued)

##### Inter company balances (Continued)

##### *Recognition and measurement of impairment loss (Continued)*

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 31 December 2018.

	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
<b>Company</b>			
<b>2018</b>			
Low credit risk	49,161	-	49,161
Credit impaired	6,840	(6,840)	-
	56,001	(6,840)	49,161

The movements in the allowance for impairment losses of inter-company loans and advances during the financial year were :

	2018 RM'000	2017 RM'000
At 1 January as per MFRS9/MFRS139	6,349	2,498
Impairment loss recognised	491	3,851
At 31 December	6,840	6,349

##### Financial guarantees

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.



## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.4 Credit risk (Continued)

##### Financial guarantees (Continued)

##### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM100.46 million (31.12.2017: RM103.10 million; 1.1.2017: RM346.17 million) representing the outstanding banking facilities to certain subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

#### 28.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash, cash convertible investments and committed credit lines to meet its working requirements.

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.5 Liquidity risk (Continued)

##### *Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>31.12.2018</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Term loans and SUKUK	89,378	4.60 - 8.60	97,685	62,073	15,188	20,424	-
Revolving credit	38,000	5.65	38,000	38,000	-	-	-
Finance lease liabilities	6,190	3.30 - 7.42	6,772	2,986	2,292	1,494	-
Bank overdraft	19,497	6.65	19,497	19,497	-	-	-
Bankers' acceptance	3,586	3.80	3,586	3,586	-	-	-
Trade and other payables	110,987	-	110,987	110,987	-	-	-
	267,638		276,527	237,129	17,480	21,918	-
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
SUKUK	50,000	4.60 - 4.72	50,000	50,000	-	-	-
Finance lease liabilities	395	4.66 - 7.42	460	161	160	139	-
Trade and other payables	8,342	-	8,342	8,342	-	-	-
Financial guarantee	-	-	100,462	100,462	-	-	-
	58,737		159,264	158,965	160	139	-

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.5 Liquidity risk (Continued)

##### Maturity analysis (Continued)

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>31.12.2017</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Term loans and SUKUK	94,973	4.50 - 8.60	106,451	59,189	11,837	35,425	-
Revolving credit	34,800	5.65	34,800	34,800	-	-	-
Finance lease liabilities	8,153	3.30 - 7.42	8,990	3,522	2,711	2,757	-
Bank overdraft	19,226	6.65	19,226	19,226	-	-	-
Bankers' acceptance	4,103	4.65 - 4.80	4,103	4,103	-	-	-
Trade and other payables	124,911	-	124,911	124,911	-	-	-
	286,166		298,481	245,751	14,548	38,182	-
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
SUKUK	50,000	4.50 - 4.60	50,000	50,000	-	-	-
Finance lease liabilities	533	4.66 - 7.42	621	161	160	300	-
Trade and other payables	10,130	-	10,130	10,130	-	-	-
Financial guarantee	-	-	103,102	103,102	-	-	-
	60,663		163,853	163,393	160	300	-

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.5 Liquidity risk (Continued)

##### Maturity analysis (Continued)

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>1.1.2017</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Term loans	295,262	5.80 - 8.60	304,773	268,339	8,951	25,950	1,533
Revolving credit	33,054	5.50 - 5.65	33,054	33,054	-	-	-
Finance lease liabilities	8,992	3.90 - 7.42	10,178	3,034	3,501	3,643	-
Bank overdraft	17,861	6.65	17,861	17,861	-	-	-
Trade and other payables	190,677	-	190,677	190,677	-	-	-
	545,846		556,543	512,965	12,452	29,593	1,533
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Finance lease liabilities	495	4.66 - 7.42	586	126	126	334	-
Trade and other payables	20,271	-	20,271	20,271	-	-	-
Financial guarantee	-	-	346,177	346,177	-	-	-
	20,766		367,024	366,574	126	334	-

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.6 Interest rate risk

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

The Group's interest rate risk arises primarily from interest-earning financial assets and interest-bearing financial liabilities. Borrowings and deposits at floating rates expose the Group to cash flow interest rate risk. Borrowings and receivables at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

#### *Exposure to interest rate risk*

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

	Group		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Fixed rate instrument</b>			
Financial assets			
- Amount due from a related party	-	-	256,939
- Deposits placed with licensed banks	17,388	22,162	25,448
	17,388	22,162	282,387
Financial liability			
- Finance lease liabilities	6,190	8,153	8,992
<b>Floating rate instrument</b>			
Financial liabilities			
- Term loans and SUKUK	89,378	94,973	295,262
- Revolving credit	38,000	34,800	33,054
- Bank overdraft	19,497	19,226	17,861
- Bankers' acceptance	3,586	4,103	-
	150,461	153,102	346,177

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.6 Interest rate risk (Continued)

*Exposure to interest rate risk (Continued)*

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
<b>Fixed rate instrument</b>			
Financial liability - Finance lease liabilities	395	533	495
<b>Floating rate instrument</b>			
Financial liability - SUKUK	50,000	50,000	-

#### *Interest rate risk sensitivity analysis*

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's post-tax loss or profit would have been increased/decreased by RM572,000 (31.12.2017 : RM582,000, 1.1.2017 : RM1,315,000) and the Company's post-tax profit would have been decreased by RM190,000 (31.12.2017 : RM190,000, 1.1.2017 : Nil). The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

#### 28.7 Fair value information

The carrying amounts of cash and bank balances, receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.7 Fair value information (Continued)

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>31.12.2018</b>								
<b>Financial assets</b>								
Other investments	13,529	-	-	-	-	-	13,529	13,529
<b>Financial liabilities</b>								
Term loans	-	-	-	-	-	39,378	39,378	39,378
Financial lease liabilities	-	-	-	-	-	6,190	6,190	6,190
	-	-	-	-	-	45,568	45,568	45,568
<b>31.12.2017</b>								
<b>Financial assets</b>								
Other investments	446	-	-	-	-	-	446	446
<b>Financial liabilities</b>								
Term loans	-	-	-	-	-	44,973	44,973	44,973
Financial lease liabilities	-	-	-	-	-	8,153	8,153	8,153
	-	-	-	-	-	53,126	53,126	53,126

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.7 Fair value information (Continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Group</b>										
<b>1.1.2017</b>										
<b>Financial assets</b>										
Other investments	7,110	-	-	7,110	-	-	-	-	7,110	7,110
<b>Financial liabilities</b>										
Term loans	-	-	-	-	-	-	295,262	295,262	295,262	295,262
Financial lease liabilities	-	-	-	-	-	-	8,992	8,992	8,992	8,992
	-	-	-	-	-	-	304,254	304,254	304,254	304,254
<b>Company</b>										
<b>31.12.2018</b>										
<b>Financial asset</b>										
Other investments	13,394	-	-	13,394	-	-	-	-	13,394	13,394
<b>Financial liability</b>										
Financial lease liabilities	-	-	-	-	-	-	395	395	395	395



## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.7 Fair value information (Continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>31.12.2017</b>										
<b>Financial asset</b>										
Other investments	311	-	-	311	-	-	-	-	311	311
<b>Financial liability</b>										
Financial lease liabilities	-	-	-	-	-	-	533	533	533	533
<b>Company</b>										
<b>1.1.2017</b>										
<b>Financial asset</b>										
Other investments	6,974	-	-	6,974	-	-	-	-	6,974	6,974
<b>Financial liability</b>										
Financial lease liabilities	-	-	-	-	-	-	495	495	495	495

The Company provides guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantee is negligible as the probability of the subsidiaries defaulting on the credit lines is remote.

## Notes to the Financial Statements (Continued)

### 28. FINANCIAL INSTRUMENTS (CONTINUED)

#### 28.7 Fair value information (Continued)

##### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

##### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

##### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

##### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2017 : no transfer in either directions)

##### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

##### Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The carrying amount of floating rate term loans approximately fair value as their effective interest rate changes accordingly to movements in the market interest rate.

### 29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2018.

## Notes to the Financial Statements (Continued)

### 30. SEGMENT INFORMATION

The Group is organised into five major business segments for each of the strategic business units, the Chief Operating Decision Maker ("CODM") (ie. The Group's Managing Director/Executive Committee) reviews internal management reports at least on a quarterly basis.

- (i) Property development - the development of residential and commercial properties
- (ii) Road building and quarry - civil engineering contractor and granite quarry operator
- (iii) Engineering and construction - building and general contractor.
- (iv) Leisure and hospitality - golf resort owner and operator, hotel operation and water theme park operator
- (v) Investment holding - provision of management services and others

#### Segment profit

Performance is measured based on segment from profit as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

#### Segment liabilities

Segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by CODM.

#### Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and land held for development.

## Notes to the Financial Statements (Continued)

### 30. SEGMENT INFORMATION (CONTINUED)

	Property development RM'000	Road building and quarry RM'000	Engineering and construction RM'000	Leisure and hospitality RM'000	Investment holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
<b>2018</b>								
<b>Revenue</b>								
External sales	44,100	84,392	63,842	9,621	1,435	203,390	-	203,390
Inter-segment sales	133	-	27,384	542	26,633	54,692	(54,692)	-
Total revenue	44,233	84,392	91,226	10,163	28,068	258,082	(54,692)	203,390
<b>Segment (loss)/profit</b>	(35,813)	5,620	3,068	(4,652)	10,887	(20,890)	(18,444)	(39,334)
<b>Included in the measure of segment profit are:</b>								
- Finance income	499	136	733	10	309	1,687	(159)	1,528
- Finance costs	7,580	342	-	39	63	8,024	(156)	7,868
<b>Assets</b>								
Segment assets	519,967	105,387	109,969	35,011	184,988	955,322	(210,312)	745,010
<b>Included in the measure of segment assets is:</b>								
Additions to non-current assets other than financial instruments and deferred tax assets								
- Property, plant and equipment	5,120	2,734	1,538	1,473	204	11,069	-	11,069
- Land held for development	30,211	-	-	-	-	30,211	-	30,211
<b>Liabilities</b>								
Segment liabilities	139,771	41,643	42,265	5,520	57,149	286,348	-	286,348
<b>Other information</b>								
Tax expense	269	2,148	465	10	421	3,313	(421)	2,892
Depreciation of property, plant and equipment	1,406	4,906	203	2,371	1,455	10,341	(93)	10,248

## Notes to the Financial Statements (Continued)

### 30. SEGMENT INFORMATION (CONTINUED)

	Property development RM'000	Road building and quarry RM'000	Engineering and construction RM'000	Leisure and hospitality RM'000	Investment holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
<b>2017</b>								
<b>Revenue</b>								
External sales	81,368	101,383	53,744	7,680	2,532	251,707	-	251,707
Inter-segment sales	132	-	70,504	1,204	27,633	99,473	(99,473)	-
Total revenue	81,500	101,383	129,048	8,884	30,165	351,180	(99,473)	251,707
<b>Segment profit/(loss)</b>	(29,600)	13,264	3,192	(2,584)	9,667	(6,061)	(4,849)	(10,910)
Included in the measure of segment profit are:								
- Finance income (including unwinding of discount on non-current receivables)	1,002	125	322	-	311	1,760	(78)	1,682
- Finance costs	2,916	442	2,138	51	241	5,788	(68)	5,720
<b>Assets</b>								
Segment assets	537,502	95,756	86,846	35,199	34,561	789,864	-	789,864
<b>Included in the measure of segment assets is:</b>								
Additions to non-current assets other than financial instruments and deferred tax assets								
- Property, plant and equipment	733	4,851	207	18,143	996	24,930	-	24,930
- Land held for development	22,153	-	-	-	-	22,153	-	22,153
<b>Liabilities</b>								
Segment liabilities	147,105	2,571	76,677	5,616	57,007	288,976	-	288,976
<b>Other information</b>								
Tax expense	(1,875)	2,266	966	10	-	1,367	-	1,367
Depreciation of property, plant and equipment	1,132	4,835	367	1,052	1,705	9,091	79	9,170

### Geographical segments

No information on geographical segment is presented as the Group's business is operated solely in Malaysia.

## Notes to the Financial Statements (Continued)

### 30. SEGMENT INFORMATION (CONTINUED)

#### Major customers

The following are the major customers with revenue equal or more than 10% of the Group's revenue :

	2018 RM'000	2017 RM'000
Customer A	34,250	63,576
Customer B	42,256	-
Customer C	-	39,942

### 31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

#### 31.1 Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's and the Company's financial statements.

##### a. Consolidated statement of financial position

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
<b>31 December 2017</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	98,703	-	98,703
Investment property	36,000	-	36,000
Other investments	446	-	446
Land held for property development	344,437	(344,437)	-
Inventories	-	332,343	332,343
Deferred tax assets	190	-	190
<b>Total non-current assets</b>	<b>479,776</b>	<b>(12,094)</b>	<b>467,682</b>

## Notes to the Financial Statements (Continued)

### 31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### 31.1 Impacts on financial statements (Continued)

##### a. Consolidated statement of financial position (Continued)

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
<b>31 December 2017</b>			
<b>Assets</b>			
<b>Current assets</b>			
Inventories	37,505	54,921	92,426
Property development costs	55,842	(55,842)	-
Contract assets	-	27,182	27,182
Contract cost	-	11	11
Trade and other receivables	99,340	(26,144)	73,196
Current tax assets	9,613	-	9,613
Deposits with licensed banks	22,162	-	22,162
Cash and bank balances	97,592	-	97,592
<b>Total current assets</b>	322,054	128	322,182
<b>Total assets</b>	801,830	(11,966)	789,864
<b>Equity</b>			
Share capital	331,020	-	331,020
Reserves	184,708	(14,862)	169,846
<b>Total equity attributable to owner of the Company</b>	515,728	(14,862)	500,866
Non-controlling interests	22	-	22
<b>Total equity</b>	515,750	(14,862)	500,888
<b>Liabilities</b>			
Deferred tax liabilities	101	-	101
Loan and borrowings	36,461	-	36,461
<b>Total non-current liabilities</b>	36,562	-	36,562

## Notes to the Financial Statements (Continued)

### 31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### 31.1 Impacts on financial statements (Continued)

##### a. Consolidated statement of financial position (Continued)

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
<b>31 December 2017</b>			
<b>Liabilities</b>			
Trade and other payables	124,724	187	124,911
Contract liabilities	-	2,709	2,709
Loan and borrowings	124,794	-	124,794
<b>Total current liabilities</b>	249,518	2,896	252,414
<b>Total liabilities</b>	286,080	2,896	288,976
<b>Total equity and liabilities</b>	801,830	(11,966)	789,864
	As previously stated RM'000	MFRS 15 adjustments RM'000	As restated RM'000
<b>1 January 2017</b>			
<b>Assets</b>			
Property, plant and equipment	83,081	-	83,081
Investment property	36,000	-	36,000
Other investments	7,110	-	7,110
Land held for property development	302,200	(302,200)	-
Inventories	-	302,200	302,200
Deferred tax assets	1,056	-	1,056
<b>Total non-current assets</b>	429,447	-	429,447
Contract assets	-	42,513	42,513
Contract cost	-	57	57
Trade and other receivables	465,657	(42,513)	423,144
Property development costs	97,923	(97,923)	-
Inventories	22,895	87,651	110,546
Current tax assets	586	-	586
Deposits with licensed banks	25,448	-	25,448
Cash and bank balances	52,552	-	52,552
<b>Total current assets</b>	665,061	(10,215)	654,846
<b>Total assets</b>	1,094,508	(10,215)	1,084,293



## Notes to the Financial Statements (Continued)

### 31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### 31.1 Impacts on financial statements (Continued)

##### a. Consolidated statement of financial position (Continued)

	As previously stated RM'000	MFRS 15 adjustments RM'000	As restated RM'000
<b>1 January 2017</b>			
<b>Equity</b>			
Share capital	303,855	-	303,855
Reserves	233,143	(10,215)	222,928
<b>Total equity attributable to owners of the Company</b>	536,998	(10,215)	526,783
<b>Non-controlling interests</b>	55	-	55
<b>Total equity</b>	537,053	(10,215)	526,838
<b>Liabilities</b>			
Deferred tax liabilities	101	-	101
Loans and borrowings	36,042	-	36,042
<b>Total non-current liabilities</b>	36,143	-	36,143
Contract liabilities	-	3,706	3,706
Trade and other payables	194,383	(3,706)	190,677
Current tax payables	7,802	-	7,802
Loans and borrowings	319,127	-	319,127
<b>Total current liabilities</b>	521,312	-	521,312
<b>Total liabilities</b>	557,455	-	557,455
<b>Total equity and liabilities</b>	1,094,508	(10,215)	1,084,293

## Notes to the Financial Statements (Continued)

### 31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### 31.1 Impacts on financial statements (Continued)

##### b. Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
<b>Continuing operations</b>			
Revenue	251,707	-	251,707
Cost of sales	(194,022)	(4,647)	(198,669)
<b>Gross profit</b>	57,685	(4,647)	53,038
Selling and marketing expenses	(18,438)	-	(18,438)
Administrative expenses	(43,982)	-	(43,982)
Other operating income	4,792	-	4,792
Other operating expenses	(600)	-	(600)
<b>Results from operating activities</b>	(543)	(4,647)	(5,190)
Finance costs	(5,720)	-	(5,720)
<b>Loss before tax</b>	(6,263)	(4,647)	(10,910)
Tax expense	(1,367)	-	(1,367)
<b>Loss for the year representing total comprehensive expense for the year</b>	(7,630)	(4,647)	(12,277)
<b>Loss and total comprehensive income for the year attributable to :</b>			
Owners of the Company	(7,597)	(4,647)	(12,244)
Non-controlling interests	(33)	-	(33)
<b>Loss and total comprehensive expenses for the year</b>	(7,630)	(4,647)	(12,277)

## Notes to the Financial Statements (Continued)

### 31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### 31.1 Impacts on financial statements (Continued)

##### b. Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017 (Continued)

	As previously reported RM'000	As restated RM'000
Basic loss per ordinary shares	(2.50)	(4.03)

##### c. Consolidated statement of cash flows

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
For the year ended 31 December 2017			
Profit before tax	(6,263)	(4,647)	(10,910)
Adjustment for :			
Changes in inventories	(14,610)	2,587	(12,023)
Changes in contract assets	(156)	15,487	15,331
Changes in trade and other receivables	366,318	(16,369)	349,948
Changes in trade and other payables	(69,659)	3,893	(65,766)
Changes in contract liabilities	-	(997)	(997)
Changes in contract cost	-	46	46
Others	(10,318)	-	(10,317)
<b>Net cash from operating activities</b>	<b>265,312</b>	<b>-</b>	<b>265,312</b>

#### 31.2 Accounting for financial instruments

##### a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted :

- i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

# Notes to the Financial Statements (Continued)

## 31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 31.2 Accounting for financial instruments (Continued)

#### a. Transition (Continued)

- ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application :
  - the determination of the business model within which a financial asset is held; and
  - the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
- iii) If an investment in a debt security had low credit risk at date of initial application of MFRS 9, the Group has assumed that the risk on the asset had not increased significantly since its initial recognition.
- iv) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

#### b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

Trade and other receivables are classified from loan and receivables to amortised cost under MFRS 9. There are no changes in the allowance for impairment of trade receivables that was recognised in opening retained earnings at 1 January 2017.

### 31.3 Accounting for revenue

In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted :

#### (a) for completed contracts, the Group does not restate contracts that :

- (i) begin and end within the same annual reporting period; or
- (ii) are completed contracts at the beginning of the earliest period presented.

If this practical expedient is not applied, revenue for the current year is expected to be higher because performance obligations where revenue was recognised previously could have been recognised in the current year.

#### (b) for completed contracts that have variable consideration, the Group uses the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.

The Group is unable to estimate the effects arising from the application of this practical expedient.

## Notes to the Financial Statements (Continued)

### 31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### 31.3 Accounting for revenue (Continued)

- (c) for contracts that were modified before the beginning of the earliest period presented, the Group does not retrospectively restate the contract for those contract modifications. Instead, the Group or the Company reflects the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when :
- (i) identifying the satisfied and unsatisfied performance obligations;
  - (ii) determining the transaction price; and
  - (iii) allocating the transaction price to the satisfied and unsatisfied performance obligations.

The application of this practical expedient is not expected to have material impact to the Group.

- (d) for comparatives, the Group does not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Group expects to recognise revenue.

The following are the changes in revenue recognition from the adoption of MFRS 15 :

- i) Revenue recognition

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Property development and construction contracts	If the outcome of a property development and construction contract could be estimated reliably, then contract revenue was recognised in proportion to the stage of completion of the contract. The stage of completion was assessed with reference to surveys of work performed. Otherwise, contract revenue was recognised only to the extent of contract costs incurred that were likely to be recoverable. Contract expenses were recognised as they were incurred. An expected loss on a contract was recognised immediately in profit or loss. Advances received were included in deferred revenue.	Under MFRS 15, revenue is recognised over time by reference to the cost incurred over the estimated cost. The related costs are recognised in profit or loss when they are incurred. Advances received are now included in contract liabilities.

## Notes to the Financial Statements (Continued)

### 31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### 31.3 Accounting for revenue (Continued)

- ii) Loss arising from affordable house of RM13.95mil (1.1.2017: RM10.2mil) has been recognised to retained earnings instead of form part of the cost of constructing the premium inventories (capitalised under land held from development); and
- iii) Classification of land held for development and property development cost to inventories, and accrued billings and progress billings to contract assets and liabilities respectively.

#### 31.4 Accounting for borrowing cost

Arising from the Tentative Agenda Decision issued by the IFRS Interpretation Committee relating to the capitalisation of borrowing costs for the construction of development projects where revenue is recognised over time, the Group has ceased capitalisation of borrowing costs on development properties upon sales launched. The impact to financial year ended 31 December 2017 was RM911,000 which cannot be treated as qualifying assets and therefore should be expensed off rather than capitalised.

# Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 94 to 196 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 of 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**Dato' Asri bin Hamidin @ Hamidon**

Director

.....  
**Haji Abdul Rahman bin Abdullah**

Director

Alor Setar,

Date : 19 March 2019

**BINA DARULAMAN BERHAD**

(Company No. 332945 - X)  
(Incorporated in Malaysia)

**and its subsidiaries**

# Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Fakhruzi bin Ahmad**, the officer primarily responsible for the financial management of Bina Darulaman Berhad, do solemnly and sincerely declare that the financial statements set out on pages 94 to 196 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Fakhruzi bin Ahmad**, NRIC: 750410-02-6151, MIA CA 39966 at Alor Setar in the State of Kedah Darul Aman on 19 March 2019.

.....

**Fakhruzi bin Ahmad**

Before me:

.....

**Wan Mohd Fathi Bin Wan Abdullah**  
(No. K101)  
Commissioner for Oaths  
Kedah Darul Aman



# Independent Auditors' Report

## TO THE MEMBERS OF BINA DARULAMAN BERHAD

(Company No. 332945 - X)

(Incorporated in Malaysia)

# Report on the Audit of the Financial Statements

## Opinion

We have audited the financial statements of Bina Darulaman 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 94 to 196.

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 their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' 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.

## Key Audit Matters (continued)

### Revenue and cost recognition on the sales of properties under constructions

Refer to the Notes 17 and 18 to the financial statements.

The key audit matter	How the matter was addressed in our audit
<p>The Group recognises revenue and cost of units sold relating to properties under construction based on the stage of completion. The stage of completion of the said properties is determined by the proportion that the actual property development costs incurred for work performed to date to the estimated total property development costs. The recognition of revenue and cost is therefore dependent on the Group's estimated gross development costs, which includes estimates and judgement by the Directors on costs to be incurred in the development.</p> <p>There is a risk that the actual development costs are different to those estimated resulting in material variance in the amount of profit or loss recognised to date and in the current period.</p>	<p>Our audit procedures performed in this area included, among others:</p> <ul style="list-style-type: none"> <li>• Tested the Group's controls by checking for evidence of reviews and approvals over development cost, setting budgets and authorising and recording of actual costs incurred;</li> <li>• Compared the architect certificate against stage of completion of certain projects to ascertain the reasonableness of the percentage of completion recognised in the profit or loss;</li> <li>• Challenged the assumptions in deriving at the estimates of development costs. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated cost to suppliers' agreements or tenders and considered allowance for cost increase included in these estimates; and</li> <li>• Agreed a sample of costs incurred to date to invoice and/or progress claim, checked that they were allocated to the appropriate construction site, and met the definition of development costs.</li> </ul>

## Key Audit Matters (continued)

### Adopting MFRS 15 Revenue from Contracts with Customers

Refer to Note 2(n) - Significant accounting policy: Revenue

The key audit matter	How the matter was addressed in our audit
<p>MFRS 15 <i>Revenue from Contracts with Customers</i> became effective on 1 January 2018. Arising from the adoption of MFRS 15, the Group and the Company were required to change accounting policies on revenue recognition. Consequently, new judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements.</p> <p>The accounting policy changes arising from adoption of MFRS 15 is a key audit matter because it :</p> <ul style="list-style-type: none"> <li>• required involvement of our more senior personnel to assess the evaluation of the contracts with the customers performed by the Group; and</li> <li>• required us to exercise significant judgement to assess the allocation of transaction price to each performance obligation and the timing of revenue recognition.</li> </ul>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• Compared the accounting policies adopted with the requirements of MFRS 15.</li> <li>• Reviewed and gained an understanding of the Group's new or revised processes, systems and controls implemented.</li> <li>• Obtained an understanding of the basis of the key judgements made for the revenue recognition and compared them with the requirements of the accounting standard.</li> <li>• Evaluated the estimates made for the revenue recognition by determining that inputs applied were not biased and these were reasonable and supportable.</li> <li>• Assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.</li> </ul>

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

## 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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the 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 Malaysian Financial Reporting Standards, International Financial Reporting Standard 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- 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.
- 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 gives a true and fair view.
- 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matters

As stated in Note 1(a) to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRS") on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the 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 or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the comparative information that is prepared in accordance with MFRS and IFRS, and hence it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the 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 at 31 December 2018, and the financial performance and cash flows for the 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.

**KPMG PLT**  
LLP0010081-LCA & AF 0758  
Chartered Accountants

**Tai Yoon Foo**  
Approval Number : 02948/05/2020 J  
Chartered Accountant

Date : 19 March 2019  
Penang

# List of Main Properties

No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
<b>BINA DARULAMAN BERHAD</b>								
1	Lot 120, Section 34, Bandar Alor Setar, Kedah Darul Aman	Land	8,095 sq meter	Leasehold (Expiring 2083)	-	-	2002	4,762,500
2	Lot 120, Section 34, Bandar Alor Setar, Kedah Darul Aman	10-Storey Office Building	8,095 sq meter	Leasehold (Expiring 2083)	13	-	2004	8,020,376
3	GM 178050 Lot 8867, Bandar Darulaman, Daerah Kubang Pasu, Kedah Darul Aman	8-Storey Serviced Apartments	6,003.9 sq meter	Freehold	11	-	2005	16,356,000
4	GM 178050 Lot 8867, Bandar Darulaman, Daerah Kubang Pasu, Kedah Darul Aman	Land	6,003.9 sq meter	Freehold	-	-	2005	
5	HS (D) 1175, PT 1716 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	1,890 sq meter	Leasehold (Expiring 2073)	-	-	2013	793,473
6	HS (D) 1176, PT 1717 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	1,890 sq meter	Leasehold (Expiring 2073)	-	-	2013	
7	HS (D) 1117, PT 1718 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	22,890 sq meter	Leasehold (Expiring 2073)	-	-	2013	
8	HS (D) 1178, PT 1719 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	3,240 sq meter	Leasehold (Expiring 2073)	-	-	2013	
9	HS (D) 1179, PT 1720 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	2,220 sq meter	Leasehold (Expiring 2073)	-	-	2013	
10	HS (D) 1180, PT 1721 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	4,070 sq meter	Leasehold (Expiring 2073)	-	-	2013	
11	HS (D) 69188 - 69197, PT 2333 - 2342 Mukim Sungai Ular, Kulim Kedah Darul Aman	Land for Development	151.41 hectares	Freehold	-	-	2014	39,949,403
12	HS (D) 2979, PT 2516 Bandar Pokok Sena, Pokok Sena, Kedah Darul Aman	Land for Development	51.45 hectares	Freehold	-	-	2014	17,153,652

No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
13	HS (D) 126043, PT 2416 HS (D) 126045, PT 2418 HS (D) 126050, PT 2423 HS (D) 34392, PT 65003 Bandar Amanjaya, Kuala Muda, Kedah Darul Aman	Land for Development	60.03 hectares	Freehold	-	-	2014	48,407,068
14	HS (D) 90453, PT 48856 Bandar Sungai Petani Kuala Muda Kedah Darul Aman	Land for Development	33.04 hectares	Freehold	-	-	2014	
15	GRN 11523, 1659 Mukim Hosba, Kubang Pasu, Kedah Darul Aman	Land for Development	83.49 hectares	Freehold	-	-	2014	58,943,886
16	HS (D) 1149 & 1150, PT 2042 & 2043, Mukim Ulu Melaka, Langkawi, Kedah Darul Aman	Land for Development	79.30 hectares	Leasehold (Expiring 2111)	-	-	2014	45,468,000
	HS (D) 1151, PT 2044 Mukim Ulu Melaka, Langkawi, Kedah Darul Aman	Building	12.26 hectares					
<b>BDB INFRA SDN. BHD.</b>								
1	127 Taman Tunku Hosna Jalan Tanjung Bendahara 05300 Alor Setar Kedah Darul Aman	Commercial land with a 3-storey shop office	130 sq meter	Freehold	21	-	1996	265,970
2	128 Taman Tunku Hosna Jalan Tanjung Bendahara 05300 Alor Setar Kedah Darul Aman	Commercial land with a 3-storey shop office	130 sq meter	Freehold	21	-	1996	
3	HS (M) 70/1986 PT 70 Bandar Alor Setar Daerah Kota Setar Kedah Darul Aman	Land held for Development	130 sq meter	Freehold	-	-	1999	143,673
4	8 Bungalow Lots at Kulim Golf & Country Resort HS (D) 369/ 1996, PT 591 Mukim Pdang China, Daerah Kulim, Kedah Darul Aman	Bungalow Lots		Freehold	-	-	2010	1,090,000

## List of Main Properties (Continued)

No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
	HS (D) 1424, PT 1730 - Plot No. B718 HS (D) 1425, PT 1731 - Plot No. B719 HS (D) 1426, PT 1732 - Plot No. B720 HS (D) 1427, PT 1733 - Plot No. B721 HS (D) 1428, PT 1734 - Plot No. B722 HS (D) 1429, PT 1735 - Plot No. B723 HS (D) 1319, PT 1625 - Plot No. A613 HS (D) 1238, PT 1544 - Plot No. A532		6,315 sq ft 6,002 sq ft 6,292 sq ft 6,114 sq ft 6,094 sq ft 6,459 sq ft 6,243 sq ft 7,065 sq ft					
5	HS (M) 151 PT 315 Pekan Sungai Karangan, Daerah Kulim, Kedah Darul Aman	Industrial Land	20,230 sq meter	Freehold	-	-	2016	4,982,580
<b>KEDAH HOLDINGS SDN. BHD.</b>								
1	Lot No. 118 (2nd Floor) Lot No. 139 (2nd Floor) Lot No. 146 (1st Floor) Lot No. 149 (2nd Floor) Lot No. 152 (1st Floor) Lot No. 153 (2nd Floor) Lot No. 154 (2nd Floor) Lot No. 157 (1st Floor) Lot No. 157 (2nd Floor) Kompleks Kanchut Alor Setar Kedah Darul Aman	Office Lots	930 sq ft 930 sq ft 1,060 sq ft 2,105 sq ft 1,060 sq ft 930 sq ft 930 sq ft 1,060 sq ft 930 sq ft	Leasehold Expiring in 2083	30	-	1984	1,050,323
2	HS (D) 5439 PT 3908 Seksyen 8, Bandar Pokok Sena Daerah Pokok Sena Kedah Darul Aman	Land for Development	32.82 acres	-	-	-	2016	8,686,286
3	Lot 2506 Mukim Sayung Daerah Kuala Kangsar Perak Darul Ridzuan Lot no. 14295 to 14306, Lot no.14308 to 14315, Lot no. 14307, Lot no. 14316 to 14338, Lot no. 14339 to 14346, Lot no. 14347, Lot no. 14259 to 14294	Residential Development	8.6 acres	-	-	-	2016	5,200,000



No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
4	No. Hakmilik 127938 Lot 2541 Pekan Napoh Daerah Kubang Pasu Kedah Darul Aman	Land for Development	13.61 acres	-	-	-	2016	7,113,175
5	Bandar Serdang	Land for Development	-	-	-	-	2015	2,374,400

#### BDB LAND SDN. BHD.

1	HS (D) 17297 PT. 7263 HS (D) 17298 PT. 7264 HS (D) 17299 PT. 7266 HS (D) 17300 PT. 7266 Lot 891 Bandar Darulaman Kedah Darul Aman	Agriculture	4.08 acres	Freehold	-	-	1983	4
2	GRN 42482 Lot 910 Bandar Darulaman Kedah Darul Aman	Agriculture	1.13 acres	Freehold	-	-	1983	1
3	GRN 42483 Lot 911 Bandar Darulaman Kedah Darul Aman HS (D) 17909 PT 1825 HS (D) 17910 PT 1826 HS (D) 17911 PT 1827 HS (D) 17912 PT 1828 HS (D) 17913 PT 1829 HS (D) 17914 PT 1830	Building	0.61 acres	Freehold	-	-	1983	1
4	GRN 42484 Lot 909 Bandar Darulaman Kedah Darul Aman	Agriculture	2.32 acres	Freehold	-	-	1983	1
5	GRN 42485 Lot 892 Bandar Darulaman Kedah Darul Aman	Building	0.55 acres	Freehold	-	-	1983	1
6	HS (D) 1174 PT 4691 Mukim Naga Kedah Darul Aman	Agriculture	4.60 acres	Freehold	-	-	1983	1
7	HS (D) 384 PT 3993 - HS (D) 390 PT 3999 (Suasana Indah) Plot 42 - Plot 48 Mukim Naga Kedah Darul Aman	Building	0.83 acres	Freehold	-	-	1983	1,025,468

## List of Main Properties (Continued)

No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
8	HS (D) 17949 - 17976 PT 1596 - 1625 HS (D) 18044 - 18095 PT 1693 - 1744 Plot 235, Mukim Naga Kedah Darul Aman	Residential	27.21 acres	Freehold	-	-	1983	109,291
9	HS (D) 17977 - 17988 PT 1626 - 1637 Plot 236, Mukim Naga Kedah Darul Aman	Residential	15.36 acres	Freehold	-	-	1983	140,051
10	HS (D) 579 PT 4188 Plot 237, Mukim Naga Kedah Darul Aman	Agriculture	43.98 acres	Freehold	-	-	1983	332,843
11	HS (D) 580 PT 4189 Plot 238, Mukim Naga Kedah Darul Aman	Agriculture	132.14 acres	Freehold	-	-	1983	1,816,055
12	HS (D) 581 PT 4190 Plot 239, Mukim Naga Kedah Darul Aman	Agriculture	0.34 acres	Freehold	-	-	1983	1
13	Geran 5035 PT 1237 Mukim Jitra Daerah Kubang Pasu Kedah Darul Aman	Agriculture	43.12 acres	Freehold	-	-	1983	470,060
14	SP 6986 PT 440 Mukim Jitra Daerah Kubang Pasu Kedah Darul Aman	Residential	4.92 acres	Freehold	-	-	1983	49,828
15	SP 6987 PT 441, Mukim Jitra Daerah Kubang Pasu HS (D) 19284 - 19289 PT 2170 - 2175 HS (D) 19295 - 192927 PT 2181 - 2183 HS (D) 3171 PT 2093 HS (D) 20211 PT 4619 HS (D) 20215 PT 4623	Residential	84.47 acres	Freehold	-	-	1983	220,008
16	HS (D) 3356 PT 2059 HS (D) 3165 PT 2061 HS (D) 3170 PT 2092 HS (D) 3172 PT 2094 Bandar Darulaman Kedah Darul Aman	Agriculture/ Building	213.06 acres	Freehold	-	-	1983	1,394,339
	HS (D) 16284 Lot 281 Bandar Darulaman Kedah Darul Aman	Agriculture	13.60 acres		-	-	1983	1

No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
17	HS (D) 20188 PT 4112 HS (D) 20189 PT 4113 HS (D) 20191 PT 4153 HS (D) 20192 PT 4154 Bandar Darulaman Kedah Darul Aman	Residential	1.85 acres 3.27 acres 0.17 acres 0.04 acres	Freehold	-	-	1983	-
18	Lot 3105, 3106 & 3127 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Agriculture	258.51 acres	Freehold	-	-	1995	10,159,864
19	Lot 3107 & 3203 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Residential	155.08 acres	Freehold	-	-	1995	4,820,362
20	Geran No. 65187 Lot 3271 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Mixed Development	20.00 acres	Freehold	-	-	1996	1,735,025
21	PT 6933 PT 6934 PT 6935 Kuala Ketil Industrial Estate II Lot 3979 Mukim Tawar Daerah Baling Kedah Darul Aman	Agriculture Agriculture Agriculture	491.52 acres 15.62 acres 2.5 acres	Freehold	-	-	1996	6,437,912
<b>BDB DARULAMAN GOLF RESORT BERHAD</b>								
1	Geran 42474 Lot 898 Mukim Bandar Darulaman Daerah Kubang Pasu Kedah Darul Aman	Golf Course	179.98 acres	Freehold	-	-	1983	7,250,720
2	Geran 178049, Lot 8866 Mukim Bandar Darulaman Daerah Kubang Pasu Kedah Darul Aman	Club House	8.14 acres	Freehold	24	-	1983	5,604,813
<b>AMAN LEGENDA SDN. BHD.</b>								
1	HS (M) 353, PT 1304 Mukim Kedawang Daerah Langkawi Kedah Darul Aman	Industrial Land	5.487 acres	Freehold	-	36,000,000	2015	-
2	HS (M) 354, PT 1301 Mukim Kedawang Daerah Langkawi Kedah Darul Aman	Industrial Land	6.926 acres	Leasehold (Expiring 2089)	-		2015	-

# Analysis of Shareholdings

As at 28 February 2019

Paid-up Share Capital : RM331,019,698  
Types of Shares : Ordinary Shares of RM1.00 each  
No. of Shareholders : 3,546  
Voting Rights : One vote per Ordinary Shares

## Distribution of Shareholdings

No.	Size of Holdings	No. of Holders	%	No. of Shares	%
1	Less than 100	218	6.15	2,942	0.00
2	100-1,000	520	14.66	229,240	0.08
3	1,001 - 10,000	1,771	49.94	8,023,917	2.64
4	10,001 - 100,000	873	24.62	26,674,290	8.78
5	100,001 and below 5%	163	4.60	64,480,200	21.22
6	5% and above	1	0.03	204,444,388	67.28
	<b>TOTAL</b>	<b>3,546</b>	<b>100.00</b>	<b>303,854,977</b>	<b>100.00</b>

# List of Top 30 Shareholders

As at 28 February 2019

No.	Name	Shareholdings	%
1	Perbadanan Kemajuan Negeri Kedah	204,444,388	67.28
2	CIMSEC Nominees (Tempatan) Sdn Bhd	5,988,700	1.97
3	Loh Eng Cheang	2,623,000	0.86
4	Public Nominees (Tempatan) Sdn Bhd	2,320,100	0.76
5	Onn Ping Lan	2,213,500	0.73
6	Lucky Star Pte Ltd	1,664,500	0.55
7	Teh Seng Hock	1,640,800	0.54
8	Reson Sdn Bhd	1,567,000	0.52
9	Cheng Hon Sang	1,477,000	0.49
10	Ang Hioh	1,381,900	0.45
11	CIMB Islamic Nominees (Tempatan) Sdn Bhd	1,370,000	0.45
12	Lee See Jin	1,279,800	0.42
13	Ooi Beng Liew & Sons Sdn Bhd	1,250,000	0.41
14	Ten Kin Kok	1,170,800	0.39
15	Ang Hioh	1,124,700	0.37
16	Onn Ping Lan	1,093,500	0.36
17	Kwan Chee Tong	1,058,200	0.35
18	Yeo Khee Huat	1,025,000	0.34
19	Huang Phang Lye	922,900	0.30
20	RHB Capital Nominees (Tempatan) Sdn Bhd	920,900	0.30
21	Chean Seng Hong	806,700	0.27
22	HLB Nominees (Tempatan) Sdn Bhd	780,000	0.26
23	Fong Cheong Kok	677,000	0.22
24	Loh Eng Cheang	637,100	0.21
25	Tan Chan Chai	600,000	0.20
26	Cheng Hon Sang	571,000	0.19
27	Tectona (M) Sdn Bhd	508,400	0.17
28	TA Nominees (Tempatan) Sdn Bhd	500,000	0.16
29	RHB Capital Nominees (Tempatan) Sdn Bhd	490,500	0.16
30	Maybank Nominees (Tempatan) Sdn Bhd	490,400	0.16
	<b>TOTAL</b>	<b>242,597,788</b>	<b>79.84</b>

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# Proxy Form

## 24th Annual General Meeting

CDS Account No.	No. of Shares Held

\*I/We \_\_\_\_\_  
(FULL NAME AND IN CAPITAL LETTERS)

\*NRIC/Passport/ Company No. (compulsory) \_\_\_\_\_ Mobile Phone No. \_\_\_\_\_

Address (in Capital Letters) \_\_\_\_\_

Being a member of **Bina Darulaman Berhad** ("the Company") hereby appoint:

	FULL NAME OF PROXY AS PER NRIC IN CAPITAL LETTERS	No. of Shares	Percentage (%)
<b>Proxy 1</b>	Name:		
	NRIC No./Passport No.:		
	Address:		
<b>Proxy 2</b>	Name:		
	NRIC No./Passport No.:		
	Address:		
<b>TOTAL</b>			

or failing \*him/her, the **\*\*CHAIRMAN OF THE MEETING** as \*my/our Proxy to attend and vote for \*me/us on \*my/our behalf at the 24th Annual General Meeting of Bina Darulaman Berhad (BDB or the Company) to be held at Damai Hall, BDB Hotels Sdn Bhd, Lot 888, Bandar Darulaman, 06007, Jitra, Kedah Darul Aman on **Thursday, 25 April 2019, at 10.00 a.m.** or any adjournment thereof, as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
<b>ORDINARY BUSINESS</b>			
1.	To re-elect Haji Abdul Rahman bin Abdullah retiring pursuant to Article 86 of the Company's Constitution and who, being eligible, offer himself for re-election.	<b>ORDINARY RESOLUTION 1</b>	
2.	To re-elect Dato' Asri bin Hamidin @ Hamidon retiring pursuant to Article 86 of the Company's Constitution and who, being eligible, offer himself for re-election.	<b>ORDINARY RESOLUTION 2</b>	
3.	To approve the payment of Director's Fees for the Financial Year Ended 31 December 2018.	<b>ORDINARY RESOLUTION 3</b>	
4.	To approve the payment of Director's Benefits in accordance with Section 230(1) of the Companies Act 2016 with effect from the 24th Annual General Meeting of the Company.	<b>ORDINARY RESOLUTION 4</b>	
5.	To re-appoint Messrs. KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	<b>ORDINARY RESOLUTION 5</b>	
<b>SPECIAL BUSINESS</b>			
6.	<p><b>Proposed Amendments of the Company's Existing Memorandum and Articles of Association ("M&amp;A") ("Proposed Amendment")</b></p> <p>"THAT the Company's existing M&amp;A be altered, modified, added and/or deleted, as the case may be, in the form and manner as set out in Appendix II of the Circular to Shareholders dated 2 April 2019 accompanying the Company's Annual Report for the financial year ended 31 December 2018;</p> <p>AND THAT the Directors be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendment with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."</p>	<b>SPECIAL RESOLUTION 6</b>	

[Please indicate with an "X" in the appropriate box against the resolution how you wish your Proxy to vote. If no instruction is given, this form will be taken to authorise the Proxy to vote at his/her discretion]

\*Strike out whichever applicable.

\*\* If you do not wish to appoint the Chairman of the Meeting as your proxy/one (1) of your proxies, please strike out the words "the Chairman of the Meeting" and insert the name(s) of the proxy/proxies you wish to appoint in the blank spaces provided.

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Signature/Common Seal of Shareholder

**The Company Secretary**  
**BINA DARULAMAN BERHAD**  
Aras 9, Menara BDB, 88 Lebuhraya Darulaman  
05100 Alor Setar  
Kedah Darul Aman

AFFIX  
STAMP

**Notes:**

1. With regards to deposited securities, only members whose names appear in the Record of Depositors as at 18 April 2019 shall be eligible to attend and vote at the meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A member shall specify the shareholding proportion where two (2) proxies are appointed. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. The instrument appointing a proxy shall:
  - i. In the case of an individual, be signed by the appointer or by his/her attorney.
  - ii. In the case of a corporation, be either under its common seal or under the hand of its duly authorised attorney or officer on behalf of the corporation.
5. The instrument appointing a proxy together with the power of attorney or other authority, shall be deposited at the Company's Registered Office at Aras 9, Menara BDB, 88, Lebuhraya Darulaman, 05100 Alor Setar, Kedah Darul Aman not less than forty eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
6. For the purpose of determining who shall be entitled to attend this meeting the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd ("Depository") in accordance with Rules of the Depository, to issue Record of Depositors and make available to the Company pursuant to Article 52(iii) of the Company's Constitution and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
7. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that he or she has obtained such proxy(ies) and /or representative's(s) prior consent for the Company's (or its agents) processing of such proxy(ies) and/or representative's(s) personal data for the Purposes, and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.
8. Please refer to the Administrative Details circulated with this notice for the forthcoming 24th Annual General Meeting.
9. Pursuant to Paragraph 8.29 of the Main Market Listing Requirements, all resolutions as set out in the Notice of AGM will put to vote on poll.

**Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company hereby agree and consent that any of your personal data in our possession shall be processed by us in accordance with our Personal Data Protection Notice set out in [www.bdb.com.my/privacy-policy](http://www.bdb.com.my/privacy-policy).

Further, you hereby warrant that relevant consent has been obtained for us to process any third party's personal data provided by you in accordance with our said Personal Data Protection Notice.







**Bina Darulaman Berhad** (332945-X)  
Level 9 & 10, Menara BDB  
88 Lebuhraya Darulaman  
05100 Alor Setar, Kedah Darul Aman  
Malaysia

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F : +604 734 2714  
W : [www.bdb.com.my](http://www.bdb.com.my)

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 6173  
**COMPANY NAME** : BINA DARULAMAN BERHAD (“the Company” or “BDB”)  
**FINANCIAL YEAR** : December 31, 2018

### **OUTLINE:**

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

#### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b>Bina Darulaman Bhd</b> (BDB/the Company) is managed in line with the corporate governance framework and commercial principles that would normally be expected of a public listed company. In this regard, the Company and its management undertakes the following measures: -</p> <ul style="list-style-type: none"> <li>• The Board meets 6 to 10 times a year and ad hoc meetings are held as and when required. The Board devotes much of its time to overseeing the Company's strategy, governance, risk and policy, the approval of business plans and significant capital expenditure, acquisitions and disposals and monitoring of performance.</li> <li>• The key governance, risk and internal control, financial and operational related policies are periodically reviewed by the Board to ensure they are aligned with the Company's objectives, values and regulatory requirements.</li> <li>• After the demise of Dato' Izham bin Yusoff, the Board then re-activated the Executive Committee (the EXCO) to ensure business continuity and operations of the Company. The EXCO members and functions were mentioned in page 48 of the Annual Report.</li> <li>• In the absence of the Group Chief Executive Officer ("GCEO"), the Executive Committee ("EXCO") play a vital role in day-to-day operation of the Company. The EXCO meets every week for the first six (6) months after activation and twice a month after the</li> </ul>

	<p>appointment of Chief Operating Officer (“COO”) and Chief Financial Officer (“CFO”).</p> <ul style="list-style-type: none"> <li>• As quarterly reported to Bursa Malaysia on the financial position of the Company, the Board had decided to appoint an independent consultant for the purpose of carrying out a high-level financial and operational assessment with the aim of developing an operational recovery plan to ensure Company’s sustainability. Immediate decision was made by the Board to implement cost optimization initiatives under the turnaround plan.</li> <li>• The Board then decided to form Change Committee (the CC) to assist the Board in its oversight responsibilities for BDB Recovery Plan program. The CC members and its functions were mentioned in page 57 to 58 of the Annual Report 2018.</li> <li>• The Company has initiated its Turnaround Recovery Plan and is closely monitored by the Change Committee (“CC”). The CC meeting was held on monthly basis and where there is a requirement in the interval. Besides, the Senior Management Committee, Management Procurement Committee meets regularly to assist the EXCO to actively play its function in assisting the Board to review Company’s strategy and management performance. The CC are set up to ensure that the directions, approved policies and decision by the Board as well as Recovery Plan initiatives are appropriately managed and communicated.</li> <li>• The internal process continues until after the appointment of Group CEO on 3<sup>rd</sup> February 2019.</li> </ul> <p>The Board has also delegated its power to the relevant Board Committees namely:-</p> <ul style="list-style-type: none"> <li>• Board Audit Committee;</li> <li>• Board Nomination, Remuneration &amp; ESOS Committee;</li> <li>• Board Risk Committee; and</li> <li>• Board Procurement Committee.</li> </ul>
<p><b>Explanation for departure</b></p>	<p>: Not applicable</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.2**

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>We have the roles of the Chairman of the Board has been provided for in the Board Charter.</p> <p>We have a clear division the roles and responsibilities between the Chairman and the Group Chief Executive Officer.</p> <p>The Chairman leads the Board on the following:</p> <ul style="list-style-type: none"> <li>• Oversee and review the Company's strategic matters, risk and corporate governance practices.</li> <li>• Deliberate and evaluate proposals put forward by the committees and executive team.</li> <li>• Deliberate and maintain a proper process and ensure adequate resources are available to ensure effective implementation the Board Policies.</li> <li>• Identify and fulfill the development needs of directors and the Board to continuously enhance their effectiveness as a team.</li> <li>• Dato' Paduka Rasli bin Basir, (Non-Executive Chairman) retirement was on 31.12.2018.</li> <li>• In the absence of Chairman due to resignation, the Senior Independent Director ("SID") was appointed to preside the Director's meetings.</li> </ul>
<b>Explanation for departure</b>	:	Not applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.3**

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group Chief Executive Officer ("Group CEO") has full authority as approved by the Board to lead and manage the business.</p> <p>The Group CEO proposes, implements and reports on the strategic direction of the Company's business.</p> <p>The Group CEO brings forward to the Board business plans, budgets and updates on key strategic issues annually or periodically as required. Once matters are adopted, the Group CEO is responsible for the implementation, delivery and reports on progress at frequent and regular intervals.</p> <p>All members of the key senior management team report directly to the Group CEO. He is responsible for appraising the performance of each member of the team as well as developing and training of resources, where necessary.</p> <p>The Group CEO and the Chairman, represent the Company with all external audience. The Group CEO takes lead responsibility for the maintenance and development of the Company's operational matters, Turnaround Recovery Plan, reputation and relationships with the media, regulators, governments, local communities, suppliers, customers, trade bodies and all other stakeholders.</p> <p>The Group CEO is supported by Chief Operating Officer ("COO") and Chief Financial Officer ("CFO"). Their profiles are mentioned on page 23 of the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	Not applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.4**

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>We have an in-house licensed Company Secretary who is an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). She has more than 25 years of experience in legal and regulatory related matters. She also has a Bachelor Degree in Law from International Islamic University and was called to the Bar as an Advocate &amp; Solicitor of the High Court of Malaya.</p> <p>The Company Secretary is involved in leading and managing the Group's Corporate Services and Legal Affairs. The Company Secretary's responsibilities include review and advise the Board on the Corporate Governance and Regulatory Requirements to ensure that the board members are up-to-date with all requirements and adhere to good practice in meetings and administrative matters.</p> <p>Adequate trainings and support including resource and external expertise are furnished for continuous improvement and efficiency in discharging her duty.</p> <p>The Directors have direct access to the advice and services of the Company Secretary. The Company Secretary works closely with the Management to ensure that there is timely and appropriate information flow to the Board and Board Committees and between the Non-Executive Directors and the Management.</p> <p>Her profile is mentioned on page 25 of the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable



**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.5**

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Board meetings are scheduled and planned in advance, all meetings are conducted by following a structured formal agenda.</p> <p>Depending on issues and agendas to be deliberated, generally all materials and relevant information will be prepared, circulated to board members at least a week prior to a standard meeting.</p> <p>Records and minutes of meetings will be circulated to all board members for confirmation of accuracy and verification. Thereafter, all documents and minutes will be safely filed by the Company Secretary &amp; Legal Department.</p> <p>The minutes and other statutory records are kept at the registered office of the companies.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter provides the roles of the Board, Chairman and Group Chief Executive Officer as well as the functions of the respective Board Committees.</p> <p>The Board Charter is reviewed periodically, updates and/or revisions will be done to incorporate the latest applicable rules and regulations, as well as updates to the Code of Corporate Governance. The latest review was approved by the Board on 17 March 2019 as Version 3.</p> <p>The latest copy of the Board Charter is available at BDB company website <a href="https://www.bdb.com.my/">https://www.bdb.com.my/</a> for public viewing.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>BDB's Board is committed to promoting good business conduct and maintaining a healthy and ethical corporate culture. The Board Members are experienced professionals and experts from various industries, they have been adhering to the Company's ethical values and regulatory requirements when carrying out their duties all these years.</p> <p>In view of the latest regulatory development, the Company has started to establish a formal Code of Conduct and Ethics which is serve as guidelines and principles for the BDB's directors, managements and employees which is to be observed by the employees of the Company in the performance and exercise of their responsibilities.</p> <p>The Code of Conduct and Ethics as approved and adopted by the Board, will subject to periodic review and update. The latest copy is available on BDB's website <a href="https://www.bdb.com.my/">https://www.bdb.com.my/</a> for public viewing.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.2**

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledged the Company's effort to upholding lawful and ethical behaviours in all its activities and requires its employees to act in accordance with all the applicable laws, regulations and policies and to observe high standards of business and personal ethics in the conduct of their duties and responsibilities.</p> <p>The Whistle Blowing Policy ("WBP") highlights the Company's commitment in achieving and maintaining high standards with regards to behaviour of work.</p> <p>Like all policies, WBP is also subjected to continuous review and update. In 2018, the WBP has incorporated principles of the 10 Integrity Pledge Guidelines issued by MACC, where applicable.</p> <p>The latest copy of WBP is available on BDB's website <a href="https://www.bdb.com.my/">https://www.bdb.com.my/</a> for public viewing.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.1**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Currently, BDB has 4 Directors out of which 3 are Independent Directors. In our mission to ensure an effective board composition and compliance with regulatory requirements, the board size will continuously be reviewed and if necessary, improvements will be made.</p> <p>Currently, the Company has complied with Chapter 15.02 (1) of the MMLR to have at least 2 directors or 1/3 of its Board, whichever is higher to be independent directors.</p> <p>The Chairman seat is still vacant due to retirement and in the absence of Chairman, the SID presides the meeting of Directors.</p>
<b>Explanation for departure</b>	:	Not applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.2**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 4.3 adopted	
<b>Explanation on application of the practice</b>	:	Not applicable	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	BDB has been practising this matter even though there were no explicit requirement to do so. In view of the latest regulatory requirements for greater disclosure, the Company will disclose this policy in its ensuing CG Statement, Annual Report and Website.

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Appointments and recruitment of senior management will be subjected to policies and proper due process. Psychometric assessment was conducted to the first tier and second tier management of BDB Group as part of succession planning programme. Appropriate strategy and measures are used to identify the best possible candidates. We will take into consideration of the Company's current team's strengths and weaknesses, so that we can focus on best fit such as complimentary skills, knowledge, experience, age, cultural background and gender.</p> <p>The Company take cognisance that diversity in the team is beneficial to the Company. As such, the resource requirements and performance are continuously being reviewed and monitored. Appropriate trainings and development programmes for internal resource are provided, especially those with potential to be developed for bigger roles and responsibilities in the Company.</p>
<b>Explanation for departure</b>	:	Not applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.5**

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	<p>The Company adopt a policy on gender diversity on board as required by Malaysia Code of Corporate Governance as issued by the Securities Commission of Malaysia in 2017. The Company's is in construction and properties development, sector a business segment that is less attractive to many suitable female talents. The Company has identified shortlisted candidate and psychometric assessment was conducted. However, due to Board expectation and to have the most suitable candidate is a challenge. This could be due to a steep learning curve or possibly mobility issues as the main operation is in Kedah.</p> <p>The Board recognises the challenges in achieving the right balance of diversity on the Board. This will be done over time, taking into account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges to the Company over time. The Board will continuously search for additional women candidate in its recruitment exercise.</p>
<b>Explanation for departure</b>	:	<p>Please provide an alternative practice and explain how the alternative practice meets the intended outcome.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	Within 2 years



**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.6**

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	There was no appointment of Directors for the financial year ended 31 December 2018. However, in the past, the Board considered sourcing suitable candidates with independent sources when the need arises.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.7**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	It is the Company's policy that the Chairman of the Board Nomination Remuneration and ESOS Committee ("BNREC") is to be an Independent Non-Executive Director. The Chairman of BNREC is Datuk Mohd Radzif bin Mohd Yunus who is an Independent Director.  His profile is mentioned on page 21 of the Annual Report 2018.	

<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

### Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	For overall board effectiveness, the Board has been doing its own self-evaluation and peer review approach on an annual basis. The board conduct annual board assessments against clear evaluation criteria and performance and sustainability indicators.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

**Practice 6.1**

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has policies and procedures in determining remuneration of directors and senior management. In this regard, a guideline on the Terms of Reference (TOR) for each board committee has also been put in place to ensure that remuneration is commensurate with skills and experience. Every board committee is governed by their respective TOR.</p> <p>At board level, as a matter of regulatory requirements, the remuneration and fees of Board member will also be put for shareholder's approval during the general meeting.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

## Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Nomination, Remuneration and ESOS Committee ("BNREC") is guided by appropriate policies and procedures when reviewing and recommending remuneration of board and senior management.</p> <p>Generally, the Company's framework on Directors' remuneration has the underlying objectives of attracting and retaining Directors of high caliber needed to run the Company successfully. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. The Company has no Executive Director on board.</p> <p>Where applicable, the BNREC also considers any relevant information provided by independent consultants or from survey data.</p> <p>BNREC activity is mentioned on page 56 of the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company’s performance.

**Practice 7.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual directors are disclosed on page 59 of the Annual Report 2018. The remuneration breakdown of individual directors includes fees, salary, benefits in-kind and other emoluments.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:	Others	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.2**

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has disclosed the top five (5) Senior Management in bands of RM50,000 in page 59 of the Annual Report 2018.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted	
<b>Explanation on adoption of the practice</b>	:	Not applicable	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	In BDB, the Chairman of the Board and the Chairman of the Board Audit Committee are currently held by different individuals. The Chairman of the Board is Dato' Paduka Haji Rasli Bin Basir for the financial year 31 December 2018 (Non Independent Non-Executive) and the Chairman of Board Audit Committee is Encik Sudirman Bin Masduki, who is an Independent Director.  Dato' Paduka Haji Rasli Bin Basir's contract ended on 31 December 2018. In his absence, SID was appointed to preside the Board meetings.
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not Applicable

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The matter has been practiced by the Company but was not expressly stated in Board Audit Committee policy in the past, this information will be incorporating into the Audit Committee Term of Reference.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	



**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 8.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The matter has been practised by the Company that the Board Audit Committee’s assessment on suitability of external auditor, the BAC is guided by a set of guidelines such as the routine check on their registration, background check on the audit partner, audit firm capacity and assigned audit team competency.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	Currently, the Board Audit Committee consist of 3 members and all are independent directors.  Members of Audit Committee can be referred on page 64 of the Annual Report 2018.

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 8.5**

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board Audit Committee is chaired by Encik Sudirman Bin Masduki who has been a Fellow of Association of Chartered Certified Accountants, UK and a member of Malaysian Institute of Accountants. The Committee also comprises members with public service and corporate backgrounds but whom are financially literate.</p> <p>It is BDB policy that all members of the board and senior management will continuously be trained by way of on the job training and attending workshops, seminars or professional course to keep themselves up to date with relevant skills, knowledge to enable them to contribute positively to the Company's growth and objectives.</p> <p>Details of the official key trainings sessions are disclosed in the Annual Report periodically and is accessible by the public.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 9.1**

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board is assisted by the Board Risk Committee in decision making especially with regards to any future projects, proposed investment or acquisition. The Board Risk Committee has its guidelines, terms of reference in discharging its duties. Policies, procedures and performance of the said Committee will be reviewed periodically and enhancement be made where necessary.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

### Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Group Risk Management will evaluate and study the risks profile that are affecting the Company, the Board will be updated periodically on the assessment and feasibility study of possible pre-emptive measures or proposed solutions for key risks Recommendation and Assessment will be put to Board of Directors, especially on key risk issues for further deliberation and decision if necessary.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

**Practice 9.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company’s risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	We have a Board Risk Committee, which comprises of majority of independent directors. This Committee supports the Board with reasonable assurance on possible adverse impact from unexpected event. For practical reason and in view of the business environment we are operating, this Committee will evaluate the risk factors and deliberate issues, make recommendation to the Board as and when required.

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 10.1**

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	BDB has established an in-house internal audit function known as Group Corporate Assurance. They operate within a prescribed policy and guidelines. The performance, effectiveness and competency are subjected to continuous review and monitoring by the Board Audit Committee.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 10.2**

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b> :	Applied																					
<b>Explanation on application of the practice</b> :	<p>The internal auditors team and personnel will be subjected to periodic evaluation and review to ensure that they are free from any issues of conflict of interest that may jeopardise their independence and objectivity.</p> <p>Our current Internal Audit team has 6 members. Their names and qualifications are as follows: -</p> <table border="1"> <thead> <tr> <th>No.</th> <th>Staff</th> <th>Qualification</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Roslina Binti Shaari (Head of Group Corporate Assurance)</td> <td>Executive Master of Business Administration (UiTM) Bachelor of Business Administration (Temple University, USA). Professional Member, IIAM</td> </tr> <tr> <td>2.</td> <td>Mohd Firdaus Shah Bin Amar Shah</td> <td>CA (M), MIA Bachelor of Accountancy (Hons.) (UiTM) Associate Member, IIAM</td> </tr> <tr> <td>3.</td> <td>Siti Marlina Bt Ismail</td> <td>Bachelor of Accountancy (UPM)</td> </tr> <tr> <td>4.</td> <td>Nor Jani Zuriayati Bt Mohd Jamil</td> <td>Bachelor of Public Management (UUM)</td> </tr> <tr> <td>5.</td> <td>Zulfikri Zahini bin Haron</td> <td>Bachelor of Accounting (Hons.) (UNITEN), Associate Member of IIAM.</td> </tr> <tr> <td>6.</td> <td>Muhamad Hafifi Bin Mohd Rusli</td> <td>Bachelor of Science (Hons.) Actuary Science (UiTM).</td> </tr> </tbody> </table> <p>We have adequate and qualified professionals' resources in the internal audit department to meet the objectives of the internal audit framework relevant and applicable for the industry we are operating in.</p>	No.	Staff	Qualification	1.	Roslina Binti Shaari (Head of Group Corporate Assurance)	Executive Master of Business Administration (UiTM) Bachelor of Business Administration (Temple University, USA). Professional Member, IIAM	2.	Mohd Firdaus Shah Bin Amar Shah	CA (M), MIA Bachelor of Accountancy (Hons.) (UiTM) Associate Member, IIAM	3.	Siti Marlina Bt Ismail	Bachelor of Accountancy (UPM)	4.	Nor Jani Zuriayati Bt Mohd Jamil	Bachelor of Public Management (UUM)	5.	Zulfikri Zahini bin Haron	Bachelor of Accounting (Hons.) (UNITEN), Associate Member of IIAM.	6.	Muhamad Hafifi Bin Mohd Rusli	Bachelor of Science (Hons.) Actuary Science (UiTM).
No.	Staff	Qualification																				
1.	Roslina Binti Shaari (Head of Group Corporate Assurance)	Executive Master of Business Administration (UiTM) Bachelor of Business Administration (Temple University, USA). Professional Member, IIAM																				
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4.	Nor Jani Zuriayati Bt Mohd Jamil	Bachelor of Public Management (UUM)																				
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6.	Muhamad Hafifi Bin Mohd Rusli	Bachelor of Science (Hons.) Actuary Science (UiTM).																				
<b>Explanation for departure</b> :	Not applicable																					
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																						
<b>Measure</b> :	Not applicable																					
<b>Timeframe</b> :	Not applicable																					



**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 11.1**

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>BDB continuously puts in commitment and effort to improve and review the communication approach with stakeholders. Beside internal resource in handling all public communication, we have put in place proper policy and procedures to ensure effective public communication and investor relations.</p> <p>In this regard, we have a special page on our website to direct all Investor Relations disclosure matters to the web page. It is reviewed frequently and updated regularly. We communicate our information via transparent official channel whether through the Company website or on Bursa Official announcement platform, in the form of immediate announcements, Annual Report, Quarterly Reports, media coverage that come to our knowledge and publications by the Company or about the Company.</p> <p>Annually, during the General Meeting, shareholders and their representatives are welcome to bring forward issues, views and comments which the Board will explain and clarify accordingly. The media or press and public queries will also be addressed.</p>
<b>Explanation for departure</b>	:	Not applicable
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	In practise, we have adopted the integrated report as based on a globally recognised framework. The Risk department had initiated gap analysis report for BDB Group and established the policy and Sustainability Committee. The report will be shared with the Board Risk on quarterly basis and BDB had improved BDB Governance Framework at the operational level.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Company has complied with statutory requirement with regards to timeline in sending out notice of Annual General Meeting to shareholders all these years. With effect from 2018, the Company has improved the notice period up to at least 22 days to facilitate our shareholders to have the information on a timely basis.	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>It has been the practice of the Company that all board members present at the Annual General Meeting of the Company. BDB is committed to continuously adhere to the said standard to facilitate our shareholders to have information on a timely basis.</p> <p>In an unlikely event, if a director is unable to be present at the general meeting, his/her participation will be facilitated via digital tools / devices, if there are questions addressed to him/her personally, he/she can still response to the members of the meeting via digital tools. If the affected director is totally unable to participate at all during a general meeting, the affected director will be updated on the matters discussed and actions required by him, if any.</p>	
<b>Explanation for departure</b>	:	Not applicable	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Not applicable	
<b>Timeframe</b>	:	Not applicable	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.3**

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>BDB has been practising conducting its Annual General in Kedah or outside Kedah by rotation year to ensure shareholders are able to attend and participate in general meetings.</p> <p>The Company's current Memorandum and Articles of Association does not have a provision for voting in absentia and is consistent with the Companies Act 2016 where a member (present in person or by proxy) must be present in a General Meeting before he is eligible to vote at the meeting.</p> <p>The Company will conduct its general meetings in Kuala Lumpur by rotation year to ensure shareholders are able to attend the General meetings.</p> <p>Shareholders can write in before the Company's general meetings as stated in the notice of AGM. Questions raised will be addressed in the meeting and the shareholders will be informed on the same. As a matter of compliance, the Company also gave sufficient time and notice to all shareholders for inquiries, to send in proxies and corporate representatives.</p> <p>On the Company's website, we have made available the Form whereby shareholders can always submit and contact the Company for information and not have to wait until the general meeting.</p>
<b>Explanation for departure</b>	:	Not applicable
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Not applicable
<b>Timeframe</b>	:	Not applicable