Pushing Forward

Bina Darulaman Berhad

Annual Report 2019

B▶B

SPIRIT OF ACHIEVEMENT

B▶B 25TH ANNIVERSARY BINA DARULAMAN BERHAD 1994–2019

OUR VISION

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

OUR MISSION

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

OUR 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.

Table of CONTENTS

2 About Us

16 Corporate Structure

17 Corporate Information

18 Board of Directors

20 Profile – Board of Directors

26 Profile – Senior Management

30 Chairman's Statement

34 Management Discussion and Analysis

43 5 Years Group Financial Highlights

44 Financial Calendar

44 Share Price Movement

45 Corporate Events & Corporate Social Responsibility Activities

56 Corporate Governance Overview Statement

77 Audit Committee Report

79 Statement on Risk Management and Internal Control

84 Sustainability Statement

94 Notification to Shareholders

95 Financial Statements for the year ended 31 December 2019

187 Information Other than the Financial Statements and Auditors' Report Thereon

194 List of Main Properties

202 Analysis of Shareholdings

203 List of Top 30 Shareholders

Cover Rationale | **Pushing Forward**

At BDB, we not only believe in finding strength in adversities, we thrive on them. After all, an organisation's true strength and character emerge during trying times. This is how we overcome setbacks – by adapting to the ever-changing world around us and discovering new opportunities, where we rebound better and stronger. Hence, we are pushing forward with greater focus and determination for excellence and seizing growth opportunities to enhance value for our stakeholders.

This is our spirit of achievement.

Save the Earth, Go Paperless.
Get an online copy of Annual Report by scanning this QR Code.

ABOUT US

BINA DARULAMAN BERHAD (BDB) is an investment holding company with its subsidiaries being household names 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 inception more than two decades ago, the BDB Group has played a significant role in contributing to the development of the state's socio-economic agenda and has achieved remarkable success in the undertaking of various projects in different parts of Kedah.

The year 2020 also marks the 25th anniversary of BDB since its inception back in 7 February 1995 and listed in the Main Board of Bursa Malaysia on 2 February 1996. Since then, the BDB Group has come a long way from its humble beginnings and now possesses a workforce with a high degree of expertise and specialty as evident in its ability to undertake various projects.

The Group underwent a transformation process through a rebranding exercise with the unveiling of a new identity in April 2015 which was in conjunction with its 20th-anniversary celebration. The new corporate identity, with the tagline "Spirit of Achievement" reflects BDB's bigger, forward-marching aspirations and commitment.

The new tagline underscores the new corporate culture where everyone will work together to achieve corporate goals.

ROAD BUILDING & QUARRY

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 reputable class G7 contractor 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 constructions 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 is the pioneer of the quarry industry in the north and operates the largest granite quarry in Kedah, Bukit Perak Quarry, situated in 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.

With a capacity to produce 100,000 tonnes of aggregates monthly and based on the current capacity, the quarry has enough reserves to last over 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 for the demand of customers from central to southern Kedah, Penang and northern Perak.

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

WXH 5875

ENGINEERING & CONSTRUCTION

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.

In 2019, BDB Synergy has proven its worth when it was awarded with the Certificate of Appreciation for Early Completion of Project by the Malaysian Ministry of Housing and Local Government, having satisfactorily completed a residential development known as Program Perumahan Rakyat (PPR) at Ayer Hitam, Kedah Darul Aman, in record time of 111 days earlier than the completion date stipulated in the contract.

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
- OHSAS 18001:2007

PROPERTY DEVELOPMENT

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

Established on 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. In 2019, BDB Land launched 75 units of Akustika, double storey terrace in Bandar Darulaman and 122 Units of Amethyst, Single Storey Terrace in Darulaman Perdana.

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

B BLAND
LIFESTYLE GALLERY

PROPERTY DEVELOPMENT

KEDAH HOLDINGS SDN. BHD. (Kedah Holdings) which was established on 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 is presently developing mixed properties in Bandar Sejahtera, Pokok Sena and also residential and commercial properties in Serdang, Bandar Baharu, Kedah known as Aman Perdana.

Kedah Holdings past developments include:

- Kompleks Alor Setar, a three-storey commercial complex along Lebuhraya Darulaman, Alor Setar;
- Menara BDB, a ten-storey office block which houses BDB headquarters as well as private offices, government and semi-government agencies;
- Taman Lelasari II, 19 units double storey bungalow houses in Jalan Langgar, Alor Setar; and
- Taman Nusantara, 86 units double storey semi-detached houses along Jalan Kuala Kedah, Alor Setar.

LEISURE & HOSPITALITY

Established on 6 September 2016, **BDB LEISURE SDN BHD** (BDB Leisure) is involved in the business of managing recreational parks, entertainment, sports, indoor and outdoor activities.

Darulaman Park is a popular hangout with various attractions for sports and recreational activities. 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 promote Bandar Darulaman township.

Darulaman Trails in Bandar Darulaman and Darulaman Sanctuary in Langkawi also play an integral part in providing facilities and attractions for the outdoor enthusiast.

Darulaman Park

LEISURE & HOSPITALITY

BDB DARULAMAN GOLF RESORT BERHAD (BDB DGRB) owns and manages Darulaman Golf and Country Club (DGCC) and the resort BDB Hotels.

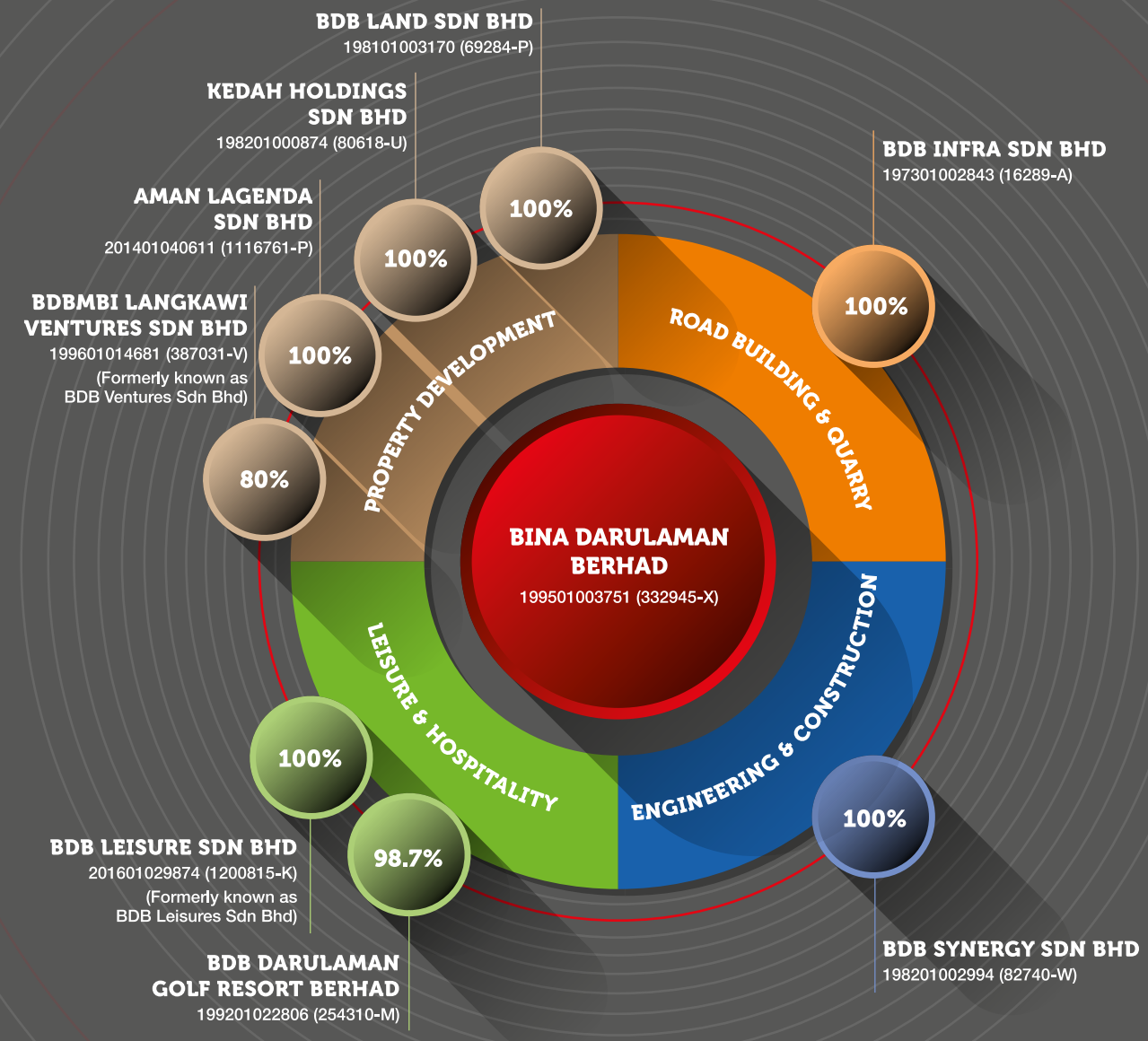
DGCC is home to a sprawling international standard 18-hole golf course that spans across 190 acres of land.

Aptly dubbed the “Pride of the North”, DGCC is one of the few golf resorts in Kedah that offers a complete host of resort facilities. The resort has various facilities like swimming pool, badminton courts, gymnasium, conference facilities and F&B outlet known as Classic Café.

The resort, BDB Hotels overlooks the picturesque 18-hole golf course and offers 100 rooms with apartment concept and chalets. The hotel is also ideal for business meetings and has a conference hall that can accommodate 300 delegates.

B▶B
HOTELS

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Dato' Mohamed Sharil Tarmizi**
   Chairman
   Independent and Non-Executive
2. **Dato' Asri bin Hamidin @ Hamidon**
   Director
   Senior Independent
3. **Dato' Haji Abdul Rahman bin Abdullah**
   Director
   Non Independent and Non-Executive
4. **Sudirman bin Masduki**
   Director
   Independent and Non-Executive
5. **Datuk Mohd Radzif bin Mohd Yunus**
   Director
   Independent and Non-Executive
6. **Dr. Muhammad Mahadi bin Mohamad**
   Director
   Independent and Non-Executive

BOARD AUDIT COMMITTEE

1. **Sudirman bin Masduki**
   Chairman
2. **Dato' Asri bin Hamidin @ Hamidon**
   Member
3. **Datuk Mohd Radzif bin Mohd Yunus**
   Member

BOARD RISK COMMITTEE

1. **Dato' Asri bin Hamidin @ Hamidon**
   Chairman
2. **Dato' Haji Abdul Rahman bin Abdullah**
   Member
3. **Datuk Mohd Radzif bin Mohd Yunus**
   Member

BOARD NOMINATION, REMUNERATION & ESOS COMMITTEE

1. **Datuk Mohd Radzif bin Mohd Yunus**
   Chairman
2. **Dato' Mohamed Sharil Tarmizi**
   Member
3. **Dato' Asri bin Hamidin @ Hamidon**
   Member
4. **Dato' Haji Abdul Rahman bin Abdullah**
   Member
5. **Sudirman bin Masduki**
   Member

BOARD PROCUREMENT COMMITTEE

1. **Datuk Mohd Radzif bin Mohd Yunus**
   Chairman
2. **Dato' Asri bin Hamidin @ Hamidon**
   Member
3. **Dato' Haji Abdul Rahman bin Abdullah**
   Member

TURNAROUND COMMITTEE

1. **Datuk Mohd Radzif bin Mohd Yunus**
   Chairman
2. **Dato' Haji Abdul Rahman bin Abdullah**
   Member
3. **Faris Najhan bin Hashim**
   Member
   Group Chief Executive Officer

*Note: Dissolved on 18.2.2020

COMPANY SECRETARY

Khairulmuna binti Abd Ghani
(LS No. 0008190)

SOLICITOR

Messrs. Kadir Andri & Partners
Suite A-38-8, Level 38
Menara UOA, Bangsar 5
Jalan Bangsar Utama 1
59000 Kuala Lumpur

Tel : 603 2780 2888
Fax : 603 2780 2833
E-mail : partner@kaaplaw.com

REGISTERED OFFICE

Level 9, Menara BDB
88 Lebuhraya Darulaman
05100 Alor Setar
Kedah Darul Aman

Tel : 604 730 0303
Fax : 604 734 2714
E-mail : bina_darulaman@bdb.com.my
Website : www.bdb.com.my

AUDITORS

KPMG PLT
Level 18, Hunza Tower
163E Jalan Kelawei
10250 Pulau Pinang

Tel : 604 238 2288
Fax : 604 238 2222

PRINCIPAL BANK

1. **Maybank Islamic Bank Berhad**
   1535 Jalan Sultan Badlishah
   05710 Alor Setar
   Kedah Darul Aman

   Tel : 604 731 3855
   Fax : 604 733 1550
2. **Affin Islamic Bank Berhad**
   147 & 148 Susuran Sultan Abdul Hamid 8
   Kompleks Sultan Abdul Hamid
   Fasa 2, Persiaran Sultan Abdul Hamid
   05050 Alor Setar
   Kedah Darul Aman

   Tel : 604 772 1477
   Fax : 604 771 4796

STOCK EXCHANGE LISTING

Listed on the Main Board of
Bursa Malaysia Securities Berhad

Stock Name : BDB
Stock Code : 6173

BOARD OF DIRECTORS

Dato' Mohamed Sharil Tarmizi
Chairman

Dato' Asri bin Hamidin @ Hamidon
Senior Independent Director

Dato' Haji Abdul Rahman bin Abdullah
Non-Independent Director

Sudirman bin Masduki
Independent Director

Datuk Mohd Radzif bin Mohd Yunus
Independent Director

Dr. Muhammad Mahadi bin Mohamad
Independent Director

PROFILE – BOARD OF DIRECTORS

DATO' MOHAMED SHARIL TARMIZI

Chairman
Independent and Non-Executive Chairman

Malaysian / 50 / Male

Date of Appointment:
01.09.2019

Securities holdings in the Company:
Yes

QUALIFICATIONS

- LLB (Hons)/Law
  University College of Wales, Aberystwyth
- Barrister-at-Law
  Gray's Inn, London, United Kingdom
- Advocate & Solicitor
  High Court of Malaya

WORKING EXPERIENCE

Dato' Mohamed Sharil Tarmizi was called to the Malaysian Bar in 1994 and was formerly an advocate & solicitor of the High Court of Malaya. He started his career as an advocate & solicitor with Azman Davidson & Co. and later, Zaid Ibrahim & Co. specialising in construction, property development and privatisation before becoming a partner in an investment advisory firm. Thereafter, he held the position of Chairman and Chief Executive of the Malaysian Communications and Multimedia Commission ("MCMC"), an independent regulatory body set up by a Malaysian Act of Parliament to develop, oversee and regulate the communications and multimedia sector in Malaysia from 16 October 2011 to 31 December 2014. MCMC was also the regulator for the postal and courier industry.

In the international arena, Dato' Sharil was also a Board member of the Internet Corporation for Assigned Names and Numbers ("ICANN"), the global internet domain name coordinating body and Chairman of ICANN's Government Advisory Committee ("GAC") from 2004 to 2007.

Dato' Sharil has worked closely with international organisations such as ICANN, Internet Society ("ISOC"), International Telecommunications Union ("ITU"), the World Bank, the World Trade Organisation ("WTO"), Asia Pacific Telecommunity ("APT"), Pacific Islands Telecoms Association ("PITA"), Commonwealth Telecoms Organisation ("CTO"), International Institute of Communications ("IIC"), the Universal Postal Union ("UPU") and UNICEF; particularly in the area of training and capacity building and continues to remain in an advisory capacity to some of them.

In 2017, in recognition of his contribution to the global internet community, his alma matter University College of Wales, Aberystwyth conferred him an Honorary Fellowship. He was also recently appointed as an Advisory Board Member to the United Nations University Institute for Computing and Society in March 2019.

Dato' Sharil is presently a Senior Advisor with Quantephi Sdn Bhd, a boutique investment advisory firm in Malaysia, licensed by the Securities Commission of Malaysia and a Senior Advisor to Asean Advisory Pte. Ltd., a specialist advisory and consulting firm based in Singapore. His main area of expertise is corporate restructurings, turnarounds and mergers and acquisitions. He currently serves on the Board of Directors of LotusCars UK, the Board of Directors of PrivAsia Technology Berhad and the Board of Directors of OPCOM Holdings Berhad, a company listed on the ACE Market.

BOARD COMMITTEE MEMBERSHIP

1. Member, Board Nomination, Remuneration & ESOS Committee

Attendance at Board Meeting in 2019
Attended 3/3 meetings after appointment as member of the Board.

Attendance at previous AGM
N/A

OTHER INFORMATION

Dato' Sharil 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).

OTHER DIRECTORSHIPS IN PUBLIC LISTED COMPANIES

- PrivAsia Technology Berhad.
- OPCOM Holdings Berhad

DATO' ASRI BIN HAMIDIN @ HAMIDON

Senior Independent Director

Malaysian / 54 / Male

Date of Appointment:
30.12.2013

Date of Re-designation as Senior Independent Director:
28.01.2018

Date of Last Re-election:
25.04.2019

Securities holdings in the Company:
None

QUALIFICATIONS

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

WORKING EXPERIENCE

Dato' Asri bin Hamidin @ Hamidon began his career as Assistant Director of the Economic Planning Unit ("EPU") in the Prime Minister's Department in 1994. Later, he moved to the Anti-Corruption Agency in April 1997, before serving as Administrative and Diplomatic Officer in the Public Service Department from April 2003. Dato' Asri continues his service as the Principal Assistant Secretary in the Ministry of Finance ("MOF") and had held several other positions since including Deputy Under-Secretary, Investment, MOF Inc and Privatisation Division. He was appointed the Under-Secretary, Investment MOF in July 2015 before being promoted as the Deputy Secretary General of Treasury (Investment) in March 2018. Dato Asri has been appointed Treasury Secretary General with effect from 1 May 2020. He previously served as the Deputy General of Treasury (Policy) since 2 December 2019.

BOARD COMMITTEE MEMBERSHIP

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

Attendance at Board Meeting in 2019
Attended 13/13 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).

OTHER DIRECTORSHIP IN PUBLIC LISTED COMPANIES

- Telekom Malaysia Berhad

PROFILE – BOARD OF DIRECTORS (CONTINUED)

DATO' HAJI ABDUL RAHMAN BIN ABDULLAH

Non Independent Non-Executive Director

Malaysian / 59 / Male

Date of Appointment:
01.01.2017

Date of Last Re-election:
25.04.2019

Securities holdings in the Company:
None

QUALIFICATIONS

- Bachelor of Economics (Hons), University of Malaya
- Master of Business Administration, Northern University of Malaysia

WORKING EXPERIENCE

Dato' Haji Abdul Rahman bin Abdullah joined Perbadanan Kemajuan Negeri Kedah ("PKNK") in 1984 as Assistant Manager. He worked his way up the career ladder in PKNK holding various responsible positions having served as Administration & Human Resources Development with senior positions and later being promoted as General Manager (Corporate). He was appointed as Chief Executive Officer of PKNK on 18 August 2016 a position which he holds until today.

BOARD COMMITTEE MEMBERSHIP

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

Attendance at Board Meeting in 2019
Attended all 12/13 meetings.

Attendance at previous AGM
Yes

OTHER INFORMATION

Dato' 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).

OTHER DIRECTORSHIP IN PUBLIC LISTED COMPANIES

None

SUDIRMAN BIN MASDUKI

Independent Non-Executive Director

Malaysian / 68 / Male

Date of Appointment:
28.02.2017

Date of Last Re-election:
19.04.2018

Securities holdings in the Company:
None

QUALIFICATIONS

- Fellow of the Association of Chartered Certified Accountants, UK (FCCA)
- A member of Malaysian Institute of Accountants
- Master of Business Administration, National University of Malaysia

WORKING EXPERIENCE

Sudirman bin Masduki began his career in 1977 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 December 2011, Sudirman was appointed as the Chief Financial Officer of Percetakan Nasional (Malaysia) Berhad (PNMB) and hold the position until October 2012.

BOARD COMMITTEE MEMBERSHIP

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

Attendance at Board Meeting in 2019
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 for any offences over the past 5 years (other than traffic offenses, if any).

OTHER DIRECTORSHIP IN PUBLIC LISTED COMPANIES

None

PROFILE – BOARD OF DIRECTORS (CONTINUED)

DATUK MOHD RADZIF BIN MOHD YUNUS

Independent Non-Executive Director

Malaysian / 61 / Male

Date of Appointment:
20.11.2017

Date of Last Re-election:
19.04.2018

Securities holdings in the Company:
None

QUALIFICATIONS

- Registered Valuer and Real Estate, Board of Valuers, Appraisers, Estate Agents and Property Managers, Malaysia.
- Bachelor of Applied Science Property Resource Management (Finance), University of South Australia
- Diploma in Land Survey, University of Technology Malaysia

WORKING EXPERIENCE

Datuk Mohd Radzif bin Mohd Yunus has accumulated more than 38 years of diversified experience in various sectors including commercial and development banking, property development and construction, healthcare and academia and has been involved in project finance, building refurbishment, highway concessions and construction, consultancy, healthcare and lecturing. He began his career in academia as a lecturer at University of Technology Malaysia in 1983 before taking up managerial positions in Perwira Affin Bank from 1988 until 1992. Thereafter, he was appointed as the Chief Executive Officer of Shapadu Properties, a local conglomerate involved in diversified businesses. He was then called upon to take up the position of Chief Executive Officer of two pilgrimage fund related companies; TH Properties and TH NSTC, as part of those companies' turnaround exercise. The turnaround was achieved within 18 months of his appointment date.

Datuk Mohd Radzif was appointed as the Chief Executive Officer of National Heart Institute (Institut Jantung Negara Sdn Bhd) in 2003 and later in 2006, he assumed the position as Group Managing Director of IJN Holdings Sdn Bhd. He was also appointed as the Chief Executive Officer of IJN Capital Sdn Bhd and IJN College Sdn Bhd.

In July 2010, Datuk Mohd Radzif was appointed as the Managing Director of Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank) and was subsequently re-designated as its Group Managing Director in January 2014.

Datuk Mohd Radzif was also as Chairman of Association of National Development Finance Institutions in Malaysia ("ADFIM") and a Vice Chairman of Association of National Development Finance Institutions in Members Countries of the Islamic Development Bank ("ADFIMI").

As recognition of his outstanding contributions throughout his career in various sectors, Datuk Mohd Radzif was awarded the Malaysian Business Leadership Award for Healthcare in 2009. He was also awarded the Outstanding CEO of the year in 2015 by the Association of Development Financial Institution Asia Pacific (ADFIAP). He was conferred with an Honorary membership by ADFIMI.

Datuk Mohd Radzif currently serves as a Board member of four (4) other Public Listed Companies i.e. Duopharma Biotech Berhad, HeiTech Padu Berhad, SMRT Holdings Berhad and KPJ Healthcare Berhad.

BOARD COMMITTEE MEMBERSHIP

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

Attendance at Board Meeting in 2019
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 for any offences over the past 5 years (other than traffic offenses, if any).

OTHER DIRECTORSHIPS IN PUBLIC LISTED COMPANIES

- Duopharma Biotech Berhad
- HeiTech Padu Berhad
- SMRT Holdings Berhad
- KPJ Healthcare Berhad

DR. MUHAMMAD MAHADI BIN MOHAMAD

Independent Non-Executive Director

Malaysian / 37 / Male

Date of Appointment:
01.03.2020

Securities holdings in the Company:
None

QUALIFICATIONS

- Doctor of Philosophy (PhD) - Conflict Management (Political Science), Management and Science University Malaysia
- Master's Degree in Industrial Engineering (Diplom-FH Versorgungstechnik) Majoring in Process/Energy Engineering, Fachhochschule (Univ. of Applied Science), Braunschweig, Germany

WORKING EXPERIENCE

Dr. Muhammad Mahadi bin Mohamad has extensive experience in engineering and commercial management with Multinationals and Malaysian companies. His industry exposure includes automotive, oil & gas, agriculture, water, property development as well as serving the government sector. He also has good networking in Germany's companies and government agencies.

BOARD COMMITTEE MEMBERSHIP

NIL

Attendance at Board Meeting in 2019
N/A

Attendance at previous AGM
N/A

OTHER INFORMATION

Dr. Mahadi 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 for any offences over the past 5 years (other than traffic offenses, if any).

OTHER DIRECTORSHIP IN PUBLIC LISTED COMPANIES

NIL

PROFILE – SENIOR MANAGEMENT

FARIS NAJHAN BIN HASHIM

Group Chief Executive Officer

Malaysian / 53 / Male

Date of Appointment:
03.02.2019

Appointed as Turnaround Committee Member :
07.02.2019 - 18.02.2020

QUALIFICATIONS

- Bachelor of Economics (Majoring in Accounting), University of Sydney, Australia.

WORKING EXPERIENCE

Prior to joining Bina Darulaman Berhad, **Faris Najhan bin Hashim** 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.

OTHER DIRECTORSHIPS IN SUBSIDIARY COMPANIES

- BDB Synergy Sdn Bhd
- BDB Infra Sdn Bhd
- BDB Leisure Sdn Bhd
- BDBMBI Langkawi Ventures Sdn Bhd

OTHER INFORMATION

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

Malaysian / 36 / Male

Date of Appointment as Chief Operating Officer:
01.12.2018

QUALIFICATIONS

- Bachelor of Accounting
  International Islamic University, Malaysia
- A member of the Malaysian Institute of Accountants
- A member of Institute of Internal Auditors Malaysia
- A member of Malaysian Association of Risk and Insurance Management

WORKING EXPERIENCE

Mohd Iskandar Dzulkarnain bin Ramli 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.

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.

OTHER DIRECTORSHIPS IN SUBSIDIARY COMPANIES

- BDB Land Sdn Bhd
- Kedah Holdings Sdn Bhd

OTHER INFORMATION

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

Malaysian / 45 / Male

Date of Appointment as Chief Financial Officer:
01.12.2018

QUALIFICATIONS

- Bachelor of Business (Majoring in Accounting)
  Monash University, Australia
- A member of the Malaysian Institute of Accountants
- A member of CPA Australia
- A member of ASEAN CPA

WORKING EXPERIENCE

Fakhruzi bin Ahmad joined BDB as Accounts Executive in 2001 and was later progressively promoted to various senior management positions within the Group. His last position was Group Financial Officer before being re-designated as Chief Financial Officer on 1 December 2018. He began his career in 1998 as Audit Assistant in a medium-sized accounting firm in Kedah.

Fakhruzi has extensive exposure in financial management with his working experience of over 15 years in managerial position of a listed corporation and primarily responsible for the financial reporting, corporate finance, treasury, taxation, budgetary controls, procurement, information technology and internal controls of the Group.

OTHER DIRECTORSHIPS IN SUBSIDIARY COMPANIES

- BDB Darulaman Golf Resort Berhad
- BDB Leisure Sdn Bhd
- BDB Hotels Sdn Bhd

OTHER INFORMATION

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.

PROFILE – SENIOR MANAGEMENT (CONTINUED)

MOHD SOBRI BIN HUSSEIN
Executive Director,
BDB Infra Sdn Bhd

Malaysian / 53 / Male

QUALIFICATIONS

- Bachelor of Engineering (Civil Engineering), University of Wollongong, Australia.

WORKING EXPERIENCE

Mohd Sobri bin Hussein joined BDB Synergy in 1994 as a site engineer.

Recognising his contribution to the BDB Group, Mohd Sobri was promoted to General Manager in BDB Construction Sdn Bhd in January 2003. He managed the Company for 18 months before returning to BDB Synergy as General Manager in 2004. In 2011, he was transferred to BDB Infra as General Manager.

Commencing 1 January 2014, Mohd Sobri was appointed as Executive Director of BDB Infra, a position he currently holds.

OTHER DIRECTORSHIPS IN SUBSIDIARY COMPANIES

- BDB Construction Sdn Bhd
- BDB I Holdings Berhad

OTHER INFORMATION

Other than disclosed, he does not have any family relationship with any Directors and/or major shareholders of BDB and has no personal interest in any business arrangements involving BDB. He has not been convicted of any offences within the past five years.

TAHIR BIN MD ZIN
Executive Director,
BDB Synergy Sdn Bhd

Malaysian / 56 / Male

QUALIFICATIONS

- BSc in Civil Engineering, California State University, USA

WORKING EXPERIENCE

Tahir bin Md Zin joined BDB Synergy in 1997 as Construction Manager and was later promoted to head the company as General Manager in 2004.

He was transferred to BDB in 2005 to take bigger responsibilities as the General Manager of Group Business Development. His vast experience in land matters and good stakeholder relations including the local authorities had benefited the Group in achieving its strategic targets and business plan.

Commencing 1 January 2018, Tahir bin Md Zin was appointed as Executive Director of BDB Synergy, a position he currently holds.

OTHER DIRECTORSHIPS IN SUBSIDIARY COMPANIES

- BDB Synergy Sdn Bhd
- Darulaman Medical Centre Sdn Bhd
- Aman Lagenda Sdn Bhd

OTHER INFORMATION

Other than disclosed he does not have any family relationship with any Directors and/or major shareholders of BDB and has no personal interest in any business arrangements involving BDB. He has not been convicted of any offences within the past five years.

ZAWAWI BIN WAHAB
Head of Subsidiary
- Property Division

Malaysian / 48 / Male

QUALIFICATIONS

- Master of Science in Planning, University of Science, Malaysia
- BSc in Housing, Building and Planning with honours, University of Science, Malaysia

WORKING EXPERIENCE

Zawawi bin Wahab joined BDB Land in June 2019 as Head of Township Development.

Recognising his contribution to BDB Land, Zawawi Wahab was appointed as Head of Subsidiary - Property Division in BDB Land Sdn Bhd and Kedah Holdings Sdn Bhd on 16 June 2020.

Prior to joining BDB Land Sdn Bhd, Zawawi Wahab has more than 24 years' experience as senior positions with listed companies as well as other non-listed companies. He has vast experience in strategic planning, financial performance of the subsidiary, project planning, sales and marketing, land administration, feasibility study, business development as well as operations management in property development during his stint with the previous listed companies namely Plenitude Berhad and Ahmad Zaki Resources Berhad.

OTHER INFORMATION

Other than disclosed he does not have any family relationship with any Directors and/or major shareholders of BDB and has no personal interest in any business arrangements involving BDB. He has not been convicted of any offences within the past five years.

KHAIRULMUNA BINTI ABD GHANI

Head of Group Corporate Services & Legal

Malaysian / 49 / Female

QUALIFICATIONS

- Bachelor of Laws, International Islamic University, Malaysia
- A licensed secretary with the Companies Commission of Malaysia (SSM)
- An affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)

WORKING EXPERIENCE

Khairulmuna binti Abd Ghani is the Head of Group Corporate Services & Legal of the Company. She is tasked to oversees legal matters and corporate services of BDB Group.

Khairulmuna began her career as an Advocate & Solicitor of the High Court of Malaya in 1994 before moving to BDB as in-house Legal Officer of the Company. She was appointed as Joint Company Secretary of BDB's subsidiary companies in 2001. She was then promoted as Company Secretary of BDB in 2005.

OTHER INFORMATION

Other than disclosed he does not have any family relationship with any Directors and/or major shareholders of BDB and has no personal interest in any business arrangements involving BDB. She has not been convicted of any offences within the past five years.

AHMAD HAFEEZ BIN AHMAD BAHARIN

Acting Head of Group Human Resources

Malaysian / 43 / Male

QUALIFICATIONS

- Bachelor of Business Administration (Majoring in Human Resource Management), Northern University of Malaysia
- Certificate in Training Practice (CITP), Institute of Personnel Development, UK
- A certified TS16949 Lead Auditor and a 6 Sigma practitioner

WORKING EXPERIENCE

Ahmad Hafeez bin Ahmad Baharin has 20 years of experience in human resource management.

He started his career as Human Resources Executive at Kedah Resort Sdn Bhd before he moved to Sime Darby Motors. He had served in various roles in Sime Darby Motors including human resources operation, retail sales and human resource development at headquarters.

Prior to join BDB, he was attached with Continental Tyres in Alor Setar where he was exposed to different plant operations in Europe including Slovakia, Romania and Germany.

In 2016 he joined BDB Land Sdn. Bhd as Head of HR and Administration and was later assuming broader roles in handling HR operation for Property, Leisure, Construction and Engineering Division.

Ahmad Hafeez was appointed Acting Head of Group Human Resouces on 1 January 2020.

OTHER INFORMATION

Other than disclosed he does not have any family relationship with any Directors and/or major shareholders of BDB and has no personal interest in any business arrangements involving BDB. He has not been convicted of any offences within the past five years.

ANUAR BIN BAHADOR

Acting Head of Group Corporate Assurance

Malaysian / 52 / Male

QUALIFICATIONS

- Bachelor of Accounting, MARA University of Technology, Malaysia
- A member of the Malaysian Institute of Accountants

WORKING EXPERIENCE

Anuar bin Bahador joined BDB in 2015 and has held various positions within the group including Head of Finance, Head of Sales and Corporate Finance Manager.

Prior to joining BDB he was with Percetakan Nasional Malaysia Berhad, Kedah Cement Sdn Bhd, Naber Corporation Sdn Bhd (aviation) and Ninebio Sdn Bhd (pharmaceutical). He brings over 25 years of experience spanning various industries.

He was appointed as Acting Head, Group Corporate Assurance on 1 January 2020. He provides independent assessment and assurance to the Board Audit Committee on the adequacy of the Group's internal control systems and governance processes.

OTHER INFORMATION

Other than disclosed he does not have any family relationship with any Directors and/or major shareholders of BDB and has no personal interest in any business arrangements involving BDB. He has not been convicted of any offences within the past five years.

CHAIRMAN'S STATEMENT

"The Group's revenue for FY2019 increased by 22% over FY2018 to RM248.2 million while Profit Before Tax (PBT) in FY2019 rose to RM6.8 million over FY2018's loss of RM39.3 million".

- Dato' Mohamed Sharil Tarmizi

Dear Valued Shareholders,

On behalf of the Board of Directors, I hereby present the Annual Report 2019 and Financial Statements of Bina Darulaman Berhad ("BDB" or "the Group") for the Financial Year ended 31 December 2019 (FY2019).

OVERVIEW

Notwithstanding the fairly challenging headwinds in our business environment in FY2019, the Group persevered with its business recovery plan and has not only delivered a turnaround performance, as detailed in the Management Discussion and Analysis (on pages 34 to 42), but has recorded significant revenue and profit growth over 2018.

The Group's revenue for FY2019 increased by 22% over FY2018 to RM248.2 million while Profit Before Tax (PBT) in FY2019 rose to RM6.8 million over FY2018's loss of RM39.3 million. As a result of this significant improvement in financial performance, the Group's Basic Earning Per Share in FY2019 improved to 1.55 sen compared to FY2018's loss of 13.89 sen.

This positive turnaround in financial performance was due to the successful implementation of the Group's business turnaround initiatives which focused on improving business transactions as well as business improvement processes to deliver better margins and cost optimisation.

CORPORATE SOCIAL RESPONSIBILITY

The Group's resolve and focus on its Corporate Social Responsibility's (CSR) remains unwavering. Indeed, we are determined to reinforce all aspects of our CSR to produce a holistic engagement programme with multiple touchpoints through immersion into real and meaningful engagements with all our stakeholders, including the state government, local Kedahan businesses, entrepreneurs, employees, partners, customers, the environment and local communities. Not only will this elevate the Group's long-term viability and sustainability but will also result in our stakeholders benefiting from our success.

The Group's commitment to an expanded CSR role is significant as it wants to be a main player in nation building from all aspects, not just from a one dimensional "bricks and mortar" perspective.

As an ongoing business with a significant footprint and stake in Kedah's property and construction sectors, we are well-aware of our responsibility in upholding the state's commitment to sustaining the environment and are determined to ensure that our state's natural resources are preserved for generations to come.

Our charitable and philanthropic activities will continue to be a cornerstone and focal point of the Group's CSR programme. BDB will continue to play its role in carrying out programmes aimed at benefitting our rural communities in general, and the less fortunate and the needy in particular. We are determined that Kedahans from the lower socio-economic scale should not be marginalised and isolated from our success but rather should be co-opted to ensure their economic advancement.

This aspect is something that BDB has been emphasising over the past years and we will continue to do so. We are committed towards

CHAIRMAN'S STATEMENT (CONTINUED)

supporting socially responsible initiatives apart from setting sustainable standards.

CORPORATE GOVERNANCE

Despite challenges faced by the Group in FY2019, upholding and executing best practices in corporate governance principles continue to be foremost for the Group. Our commitment to a good governance framework ensures accountability, fairness and transparency in BDB's relationship with all shareholders as well as its stakeholders. It is this framework which is responsible for engendering BDB's reputation for trust and confidence in all its activities.

Our practices are highlighted in our Corporate Governance Statement (on pages 56 to 76). There were no sanctions and/or penalties imposed on the Company and subsidiaries, directors or management by the relevant authorities.

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. Despite the improved performance, due to priority for business continuity, no dividend was declared by the Board for the FY2019.

We trust that our respected shareholders will understand the constraints that all companies are facing in these challenging and somewhat unprecedented times but we will see rewarding days ahead.

ACKNOWLEDGMENTS

On behalf of the Board, I wish to convey my sincere gratitude to Dato' Asri bin Hamidon, Senior Independent Director who presided over the Board meetings before the appointment of the Chairman of the Company.

We also take this opportunity to thank our stakeholders for their continued trust and confidence in us. Our sincere appreciation and heartfelt gratitude to our shareholders for their continued support and confidence in BDB.

I would also like to express my utmost appreciation to the State Government of Kedah who have supported us through the various phases and fortunes of the Group.

In closing, I would like to thank our Board members, the management and employees of BDB Group of Companies for their dedication and commitment to the Group.

MOVING AHEAD

Looking forward, although numerous projects in the state were postponed as a result of the global COVID-19 pandemic, we are indeed fortunate that Kedah has emerged relatively unscathed from the COVID-19 pandemic. With the economy opening up again, we are optimistic that many of the planned state projects with a significant construction and building materials element, such as the proposed Kulim International Airport, will move ahead along with other planned state and private sector infrastructure projects. I am optimistic that this re-starting of Kedah's economic activity will bode well for BDB and its subsidiaries, generating new income and business opportunities for all Kedahans.

I would urge everyone to continue to persevere in the face of challenges in 2020 and to demonstrate the resilience and determination that BDB is renowned for, to achieve further success for the coming years, InsyaAllah.

Dato' Mohamed Sharil Tarmizi
Chairman

"The year 2019 saw the Group recording a turnaround to profitability compared to the losses in the previous years. The achievement is the result of hard work, dedication and tenacity by the team, and the determination that whatever the outcome, we have applied the best of ourselves to the task at hand".

- Faris Najhan Hashim

MANAGEMENT DISCUSSION AND ANALYSIS

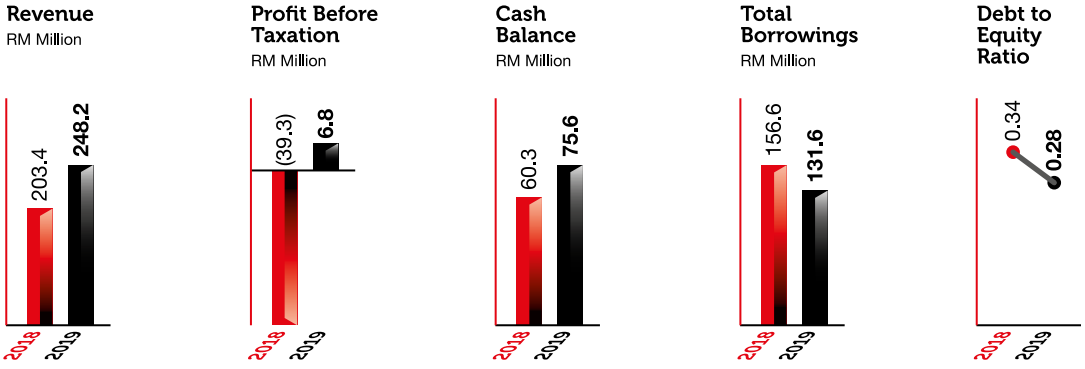
The year 2019 saw the Group recording a turnaround to profitability compared to the losses in the previous years. The achievement is the result of hard work, dedication and tenacity by the team, and the determination that whatever the outcome, we have applied the best of ourselves to the task at hand.

I would like to think that 2019 has given us a renewed confidence in pushing forward, as well as humbling us as we realise how much as a team, we depend and need to rely on each other.

Eventually, towards the end of 2019, the approach and strategy adopted had been fruitful and proved to be beneficial in attributing to the Group's better performance as compared to the previous financial year.

FINANCIAL RESULTS

Key Highlights Financial Year 2019



The Group recorded revenue of RM248.2 million compared to RM203.4 million for last year, representing an increase of 22%. The Group achived a turnaround by posting profit before tax of RM6.8 million compared to loss before tax of RM39.3 million last year.

Our financial standing remains strong with assets totalling RM745.6 million and net tangible assets per share of RM1.52. Total equity stands at RM463.4 million and cash reserve stands at RM75.6 million. Debt-to-equity ratio remains healthy at 0.28.

On 5 September 2019, Malaysian Rating Corporation Berhad (MARC) affirmed its short-term rating of MARC-2$_{IS}$ on BDB's RM100.0 million Islamic Commercial Paper (ICP) Programme. The affirmed rating incorporates BDB's moderate debt level and the Group's improved business prospects. This is premised on the Group's status as a Kedah state owned entity to be able to replenish its construction order book and undertake new projects.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

BUSINESS TURNAROUND

In 2018, we embarked on a turnaround journey as a Group through the implementation of the Business Turnaround Plan with initiatives aimed at steering us back to profitability. The Board then decided to establish a Turnaround Committee ("TAC") which was aimed to assess and oversee the management's effort to deliver a turnaround performance. TAC also ensured alignment of financial and non-financial impact and benefits generated by the turnaround plan.

Building the Blocks "Business Recovery Strategy Overview"

"Building The Blocks" Turnaround Strategy Overview 2019			
	STRATEGY	**KEY ACTIVITIES**	**KEY OUTCOMES**
Income Generation	• Re-strategise Property Sales Plan for En-Bloc Sales and Corporate Deals • Disposal of 'Non-Priority Land' for Development' to Expedite the Development Phase • To expedite project implementation plan (ahead of schedule) • Work-closely with Kedah State Government, Agencies, GLCs to support and deliver Key Projects • Increase participation in Open Tender Projects	• Introduced Corporate Deals/En-Bloc Sales to Cooperatives Body • Accelerated Outright Sales of Non-Priority Land for Development with premium value • Collaboration with Kedah State Government, Agencies, GLCs on key projects: a) State Road Maintenance b) Earthwork Project for Kulim Technology Park c) Langkawi Premium Outlet	**BDB Group** • Improved Group Profitability: Profit Before Tax of RM6.8 million compared to 2018 Loss Before Tax: RM39.3 milion **Property Division** • En-Bloc Sales of Double Storey Terrace (Sungai Petani) to Koperasi Telekom Malaysia Berhad • Monetizing the non-strategic assets above the Market Value **Engineering & Construction Division** • Projek Perumahan Rakyat Jerlun was completed and successfully handed over, ahead from schedule (111 days) **Quarry & Road Maintenance Division** • Secured State Road Maintenance contract value of RM35 million for 2019 • Additional Work Orders for State Road Maintenance that provide additional Contract value of RM10 million **Leisure Group** • Managed to reduce operation loss to RM4.0 million (2018: RM4.7 million loss) via cost reduction at operating level.

	STRATEGY	KEY ACTIVITIES	KEY OUTCOMES
Financial Management	• Improve Financial Liquidity • Improve Financial Standing/Stability of BDB Group	• Improved Collection of Account Receivables • Repackaged Sales Promotion for Property Stocks to accelerate Sales • Conducted Land for Sale Tender Exercise for 'Non-Priority Land' for Development • Repackaged Group Financing Facilities • Reduced Operational Expenses	**Financial Management (Liquidity)** • Improved Group Cash and Cash Equivalent Balance: RM75.6 million (2018: RM60.3 million) • Reduced the Total Borrowing from RM156.6 million to RM131.6 million • Improved Gearing Ratio to 0.28 (2018: 0.34) • Improved Net Current Asset by RM17.0 million
Cost Management & Support Service Improvements	• Optimisation & Reduction of Operational Expenses (OPEX)	• Improved Productivity level to increase cost efficiency a) Monitored and improved Human Resource Cost i.e. Benefits, Packages, Overtime, and Claims, etc. b) Improved Procurement Process to expedite and support the development plan c) Improved Sales & Marketing Expenses by implementing shared-service Promotional Programs (across the Group) d) Implemented Social Media Marketing Platform to increase Marketing/Sales Activities	• **Reduced OPEX by 20%** • Certificate of Appreciation by PPR Ayer Hitam after completing project 111 days earlier than schedule with RM100 million contract value. • Improved Project Margin via Centralised Procurement Plan • Reduced Property Stocks and Inventories

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

For the financial year 2019, the key achievements are as follow:

Improved the Group Profitability	Achieved 20% cost savings in Administrative Cost
Improved Net Current Assets position at 31 December 2019	Achieved positive Operating Cashflow

Currently we are focused on strengthening the foundation for the Group to continuously generate sustainable profits over the medium to long term period.

REVIEW OF BUSINESS OPERATIONS

Property Development

The Property Division, represented by BDB Land and Kedah Holdings posted a significantly higher revenue of RM126.1 million compared to RM44.1 million in 2018. The division also recorded higher profit before tax of RM33.3 million for the year compared to loss before tax of RM35.8 million in the previous year.

The improved financial performance for the division was mainly due to business turnaround initiatives, by reducing property inventory levels and aggressive marketing which has resulted in improved take-up rates. Better project margins as well as lower administrative expenses have contributed to the improved performance.

The division continued with an aggressive approach to reduce the unsold completed properties at Bandar Darulaman and Darulaman Perdana. Despite the softness in Kedah's property market, the division managed to reduce the unsold units valued at RM45.8 million on 1 January 2019 to RM32.1 million by 31 December 2019.

The division is now prioritising affordable residential projects. During the year, the division launched 322 units of mixed development properties with Gross Development Value (GDV) of RM100.1 million at Bandar Darulaman under BDB Land and at Bandar Sejahtera and Aman Perdana Serdang under Kedah Holdings. Approximately 75% of the products launched in 2019 are houses with proposed selling price of RM400,000 and below.

During the year, the division completed the disposal of two (2) pieces of land in Kuala Ketil and Sungai Petani, Kedah which has also contributed to the improved performance.

Road Building and Quarry

BDB Infra, under the Road Building and Quarry Division recorded lower revenue of RM63.7 million compared to RM84.4 million in the previous year. The decrease in revenue was due to lesser road paving activities. Despite lower revenue, the division recorded higher profit before tax of RM7.9 million in 2019 compared to RM5.6 million in 2018 due to lower bitumen and administrative costs.

The division supplies premix and aggregates from its Pendang and Kulim plants. On 27 February 2019, BDB Infra's Quarry Division was awarded "Best Company in Managing Safety, Health and Environment (SHE) for quarrying and mining category" under the National Occupational

Safety and Health (NOSH) Excellence Award 2018 by Ministry of Human Resources.

During the year, the division completed the MADA irrigation project under the Agriculture and Agro-based Industry Ministry and the 4-year state road maintenance project for all 6 districts in Kedah.

On 22 October 2019, BDB Infra secured an earthwork project worth RM16 million from Kulim Technology Park Corporation Sdn Bhd.

Engineering and Construction

The Engineering and Construction Division represented by BDB Synergy contributed lower revenue of RM48.5 million compared to RM63.8 million in 2018. Similarly, the division recorded lower profit before tax of RM2.1 million compared to RM3.1 million in 2018. The revenue and profit for the division was mainly contributed by Project Perumahan Rakyat (PPR) Ayer Hitam project which was completed 111 days ahead of schedule and BDB Synergy was awarded Certificate of Early Completion by Ministry of Housing and Local Government. During the year the division also completed several in-house projects and was actively bidding for new projects.

KEMENTERIAN PERUMAHAN
DAN KERAJAAN TEMPATAN
Sijil Penghargaan Projek Siap
Awal

Leisure and Hospitality

The Leisure Division contributed lower revenue of RM8.5 million compared to RM9.6 million in 2018 due to lower contribution from golfing, recreational and water theme parks. The division posted higher loss before tax of RM10.7 million in 2019 compared to RM4.7 million loss before tax in the previous year due to the recognition of impairment loss on property, plant and equipment for its water theme park. At the operational level excluding the impairment of property, plant and equipment amounting to RM6.7 million, the division registered lower loss before tax of RM4.0 million compared to RM4.7 million loss before tax in the previous year. The improvement at the operational level was achieved by reducing operating costs.

People Management and Engagement

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, organisation structure review, competency 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.

As part of employees engagement and industrial harmony, several townhall sessions were held during the year. It is one of the forums to communicate with the employees.

OUTLOOK

The International Monetary Fund (IMF) in its April 2020 World Economic Outlook report, projected the global economy to contract sharply to -3% in 2020 from its earlier growth forecast of 3.3% made in January 2020, arising from the COVID-19.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Following the challenging global economic outlook, Bank Negara Malaysia projected Malaysia's gross domestic product (GDP) growth to be between -2.0% to 0.5% in 2020 (2019: 4.3%) due to the weak global demand, supply chain disruptions and the COVID-19 containment measures globally. The IMF and the World Bank have also forecasted that Malaysia's economy will likely contract to between -1.7% and -0.1% respectively from an earlier projection of 4.5% made earlier this year.

The Group foresees macro-economic uncertainty and challenges due to disruption of supply chain and weaker consumer spending as a result social distancing and virus containment measures. The pandemic could affect the demand of the Group's products and services as well as its construction progress and hence, the Group's earnings and cashflow going forward.

The Economic Stimulus Packages and Economic Recovery Plan announced by the Malaysian Government could help to support economic activities but the scale and duration of the economic effects remain uncertain. As such, the Group's immediate focus is to build business and financial resilience while charting out plans for sustainability.

PROSPECTS

Engineering and Construction

The Kedah State Government is determined to embark on several iconic infrastructure projects namely Kulim International Airport, the Bukit Kayu Hitam Special Border Economic Zone (SBEZ) and the construction of a new highway linking Sungai Petani and Bandar Baharu. This will drive the state's economic growth, while improving the quality of life for its people. As a state government-linked company, it is envisaged that the Group will benefit from these initiatives.

The Group's Engineering and Construction Division remain vigilant amid challenging circumstances for the construction industry. The Division will continue to be ready to tap into any suitable opportunities on offer in the sector and placing greater emphasis on seeking infrastructure projects. This will ensure that the Group has a steady pipeline of contracts to sustain its business over many years.

Recently the division secured a non-revenue water project in Perlis worth RM40 million awarded by the Federal Government through open bidding.

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 Kedah Premix Plant (KKPP). 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 expand sand management business to complement its aggregates and premix sales.

On 9 March 2020, BDB Infra secured a new 3-year road maintenance works accross the state of Kedah valued at RM210 million. The Company will also continue to pursue routine highway maintenance and upgrading works from highway concessionaires and also road pavement works from the private sector.

The division's proven track record in road building and quarry business will position the Group to bid for upcoming large-scale projects.

Property Development

The division is expected to enhance the property development business by:

- focusing on retail housing development at the existing townships by introducing affordable housing products that match the market's requirements.
- focusing on en-bloc sales.
- shifting to Master Developer concept by inviting business partner to jointly develop suitable areas in the following new townships.
  - Darulaman Saujana, Kubang Pasu
  - Darulaman Putra, Sungai Petani

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group has approximately 1,800 acres of undeveloped landbank for future development.

The division is also exploring recurring income projects which may provide sustainable income to the Group for the middle to long term period. In 2019, the division started its 'leased property segment' upon completion of a petrol station and 30 units of commercial shophouses known as Axis Commercial Hub in Bandar Darulaman.

On 20 November 2019, the Langkawi Development Authority (LADA) has offered a concession to BDB Land to develop a commercial land measuring 24 acres in Langkawi. BDB Land is in the process of negotiation with LADA.

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.

CONCLUSION

The Group's current year financial turnaround will provide a good foundation for business sustainability in the coming years.

We are also now a robust, nimble organisation and prepared to drive performance and deliver results, with continued support from all our stakeholders.

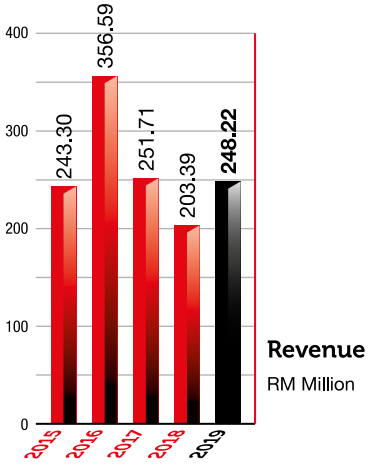
Our portfolio for 2020 will see a better balance between property development, which is targetting the affordable housing market and construction activities, geared towards supporting the Kedah state's infrastructure needs.

Although challenges undoubtedly remain, we are confident that we have the right building blocks for FY2020.

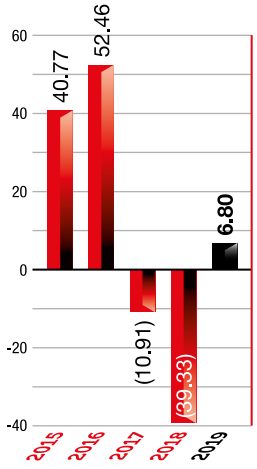
Faris Najhan Hashim
Group Chief Executive Officer

5 YEARS GROUP
FINANCIAL HIGHLIGHTS

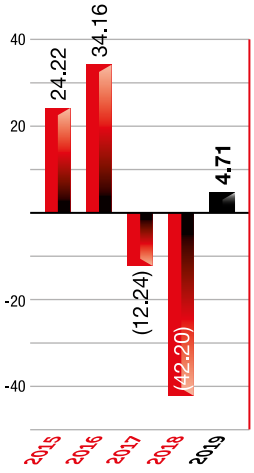
		2015	2016	2017	2018	2019
Revenue	(RM'000)	243,296	356,586	251,707	203,390	**248,220**
Profit/(Loss) Before Taxation	(RM'000)	40,767	52,456	(10,910)	(39,334)	**6,799**
Net Profit/(Loss) Attributable to Owner of the Company	(RM'000)	24,216	34,162	(12,244)	(42,204)	**4,707**
Share Capital	(RM'000)	303,855	303,855	331,020	331,020	**331,020**
Basic Earnings/(Losses) Per Share	(Sen)	8.35	11.24	(4.03)	(13.89)	**1.55**
Shareholders' Funds	(RM'000)	514,991	526,783	500,870	458,662	**463,369**
Net Tangible Assets Per Share	(RM)	1.69	1.74	1.65	1.51	**1.52**
Dividend Per Share	(Sen)	4.00	4.50	Nil	Nil	**Nil**
Dividend Payment (Net)	(RM'000)	12,154	13,673	Nil	Nil	**Nil**
Total Assets	(RM'000)	983,380	1,084,293	789,864	745,010	**745,627**
Total Borrowings	(RM'000)	311,314	355,169.	161,255	156,651	**131,603**



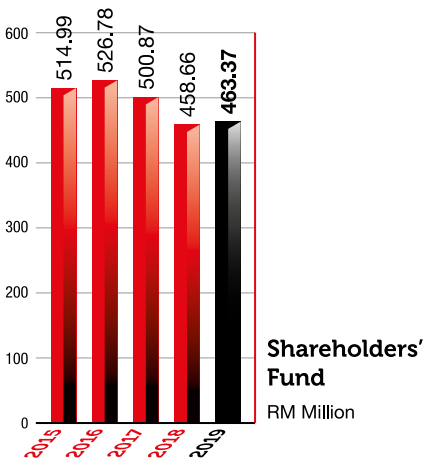
Revenue
RM Million



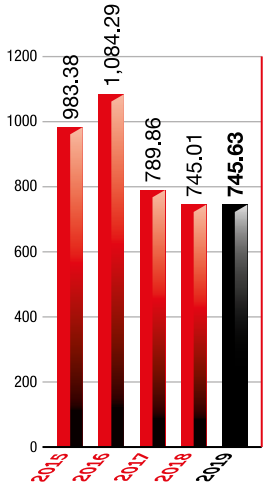
Profit / (Loss) Before Taxation
RM Million



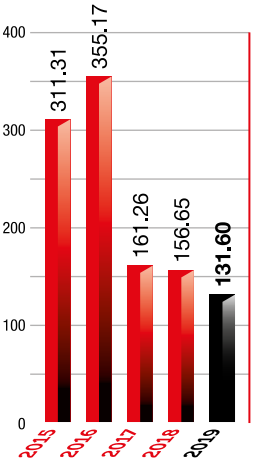
Net Profit / (Loss)
RM Million



Shareholders' Fund
RM Million



Total Assets
RM Million



Total Borrowings
RM Million

FINANCIAL CALENDAR

FINANCIAL YEAR END	31.12.2019
ANNOUNCEMENT OF RESULTS	
• First Quarter	31.05.2019
• Second Quarter	29.08.2019
• Third Quarter	27.11.2019
• Fourth Quarter	27.02.2020

SHARE PRICE MOVEMENT

BINA DARULAMAN BERHAD
Period: 7 June 2019 - 29 May 2020

SUMMARY

Highest price during this period : RM 0.40 on 3 January 2020
Lowest price during this period : RM 0.20 on 19 March 2020
Highest volume during this period : 2.475 million 26 December 2019

CORPORATE EVENTS & CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

QUARTER 1, 2019

27 FEB 2019

National Occupational Health and Safety Excellence Award

8 MAR 2019

Tourism Malaysia's networking session with travel agents and presentation of tourism overview and highlights

19 MAR 2019

Presentation of contribution to the basketball team for the Kedah Schools Sports Council 2019 Games

23 MAR 2019

Launching Ceremony of Bandar Sejahtera (Zon 1B)

CORPORATE EVENTS & CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (CONTINUED)

QUARTER 1, 2019

28-31 MAC 2019

Malaysian Property Expo (MAPEX) 2019 Exhibition at Aman Central

30 MAR 2019

Series 1/2019 of the Jom Mancing Fishing Competition

QUARTER 2, 2019

15 APR 2019

Gathering with Kedah Media Agencies

18 APR 2019

25th Annual General Meeting of BDB Darulaman Golf Resort Berhad (DGRB)

QUARTER 2, 2019

25 APR 2019

24th Annual General Meeting of Bina Darulaman Berhad (BDB)

26 APR 2019

Saranghae Fun Run 2019

27 APR 2019

Series 2/2019 of the Jom Mancing Fishing Competition

CORPORATE EVENTS & CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (CONTINUED)

QUARTER 2, 2019

8 MAY 2019

Distribution of Bubur Lambuk in conjunction with Bufet Semarak Ramadhan outreach programme

16 MAY 2019

Signing Ceremony of Memorandum of Understanding (MoU) between BDB and Koperasi Telekom Malaysia Berhad

22 MAY 2019

Presentation of Invalidity Pension to retiring BDB Group staff

22 MAY 2019

Gotong royong and bubur lambuk distribution CSR event with Kulim Public Works Department (JKR)

QUARTER 2, 2019

27 MAY 2019

Iftar with Kedah Media in conjunction with Ramadan

22 JUN 2019

Presentation of lucky draw prizes to winners of the 'Badaboom Buy Your Dream Home and Drive Home a New Car' campaign

22 JUN 2019

BDB Land Hari Raya Open House and launch of latest housing projects

CORPORATE EVENTS & CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (CONTINUED)

QUARTER 2, 2019

25 JUN 2019

Issuance of letter of interest for en-bloc purchase of houses in Sungai Petani from Koperasi Telekom Malaysia (Kota Mas) to BDB Land

QUARTER 3, 2019

1 JUL 2019

Signing Ceremony of Memorandum of Understanding (MoU) between SME Bank Berhad; Prowheels Distributor (M) Sdn Bhd; and Kedah Holdings

21 JUL 2019

Jom Makan Buah Programme

QUARTER 3, 2019

1-4 AUG 2019

BDB Land exhibition in conjunction with the Karnival Hari Penyayang

4 AUG 2019

Presentation of therapy machine to Nasree Sareeh (BDB Infra)

29 AUG - 1 SEP 2019

Real Estate & Housing Developers' Association (REHDA) / Malaysia Property Expo (MAPEX) exhibition at Aman Central

2 SEP 2019

Official working visit of Kedah Menteri Besar, Dato' Seri Utama Mukhriz Tun Mahathir to Menara BDB, Alor Setar

CORPORATE EVENTS & CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (CONTINUED)

QUARTER 3, 2019

11 SEP 2019

Duli Yang Maha Mulia Sultan Kedah, Al-Aminul Karim Sultan Salehuddin Ibni Almarhum Sultan Badlishah visit to Darulaman Sanctuary

QUARTER 3, 2019

25 SEP 2019

Hand Over of the People's Housing Project (PPR) Ayer Hitam to Ministry of Housing and Local Government

27 SEP 2019

Officiating ceremony of Taman Tunku Intan Safinaz and presentation of keys to new unit owners of Pangsapuri Ikhlas

30 SEP 2019

Working visit by Minister of Housing and Local Government, Yang Berhormat Puan Zuraida Kamaruddin and Kedah Menteri Besar, Dato' Seri Utama Mukhriz Tun Mahathir to the People's Housing Project (PPR) Ayer Hitam project site

CORPORATE EVENTS & CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES (CONTINUED)

QUARTER 4, 2019

2 NOV 2019

Fantasia Aquapark Fun Run 2019

25 NOV 2019

Familiarisation trip with travel agents to Darulaman Sanctuary

28 DEC 2019

Bandar Darulaman Run 2019

QUARTER 4, 2019 - QUARTER 1, 2020

28 NOV 2019 | 12 DEC 2019 | 16 JAN 2020 | 27 FEB 2020

Gunung Jerai Clean-up CSR Series

QUARTER 1, 2020

27 MAC - 23 APR 2020

COVID-19 CSR Contribution

CORPORATE GOVERNANCE OVERVIEW STATEMENT

OVERVIEW

Our Board of Directors ("Board") of Bina Darulaman Berhad ("the Company" or "BDB") is continuously committed to uphold the high standards of corporate governance ("CG") principles as guided under Malaysian Code on Corporate Governance ("MCCG"). Despite challenges faced by the Company in the financial year ended 31 December 2019 ("FY2019"), BDB had continued its efforts in adhering into best corporate values and continuously evaluating its governance practices.

The three (3) principles set out in the MCCG as listed below is BDB's commitment:

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

The Board is pleased to share with our stakeholders the CG practices undertaken by the Company and its subsidiaries ("Group") for FY2019. The detailed application by the Company for each practice of the MCCG is disclosed in the Corporate Governance Report for FY2019 of the Company ("CG Report"), which is available on the Company's website at https://bdb.com.my/publications.

BDB has complied with the practices recommended by MCCG for FY2019, and will strive to enhance the CG best practices for 2019. As a "Non-Large Company" of the CG Code, we have taken best effort to adopt the practices recommended by MCCG, and will continue to strive for adopting the step-up practices. We consider we have complied with the provisions and applied the main principles of the CG Code for FY2019 as tabulated below:

NO.	PRACTICE	DETAILS	APPLICATION
1	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.	Applied
2	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.	Applied
3	Practice 1.3	The positions of Chairman and CEO are held by different individuals.	Applied
4	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.	Applied

NO.	PRACTICE	DETAILS	APPLICATION
5	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.	Applied
6	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.	Applied
7	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.	Applied
8	Practice 3.2	The board establishes, reviews and together with management implements policies and procedures on whistleblowing.	Applied
9	Practice 4.1	At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.	Applied
10	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.	Not Applicable – Step Up 4.3 adopted
11	Practice 4.3 – Step Up	The board has a policy which limits the tenure of its independent directors to nine years.	Adopted
12	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.	Applied

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

NO.	PRACTICE	DETAILS	APPLICATION
13	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.	Departure
14	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.	Applied
15	Practice 4.7	The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.	Applied
16	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.	Applied
17	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.	Applied
18	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.	Applied
19	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.	Applied
20	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.	Departure

NO.	PRACTICE	DETAILS	APPLICATION
21	Practice 7.3 – Step Up	Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.	Departure
22	Practice 8.1	The Chairman of the Audit Committee is not the Chairman of the board.	Applied
23	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.	Applied
24	Practice 8.3	The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.	Applied
25	Practice 8.4 – Step Up	The Audit Committee should comprise solely of Independent Directors.	Adopted
26	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.	Applied
27	Practice 9.1	The board should establish an effective risk management and internal control framework.	Applied
28	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.	Applied
29	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.	Adopted
30	Practice 10.1	The Audit Committee should ensure that the internal audit function is effective and able to function independently.	Applied

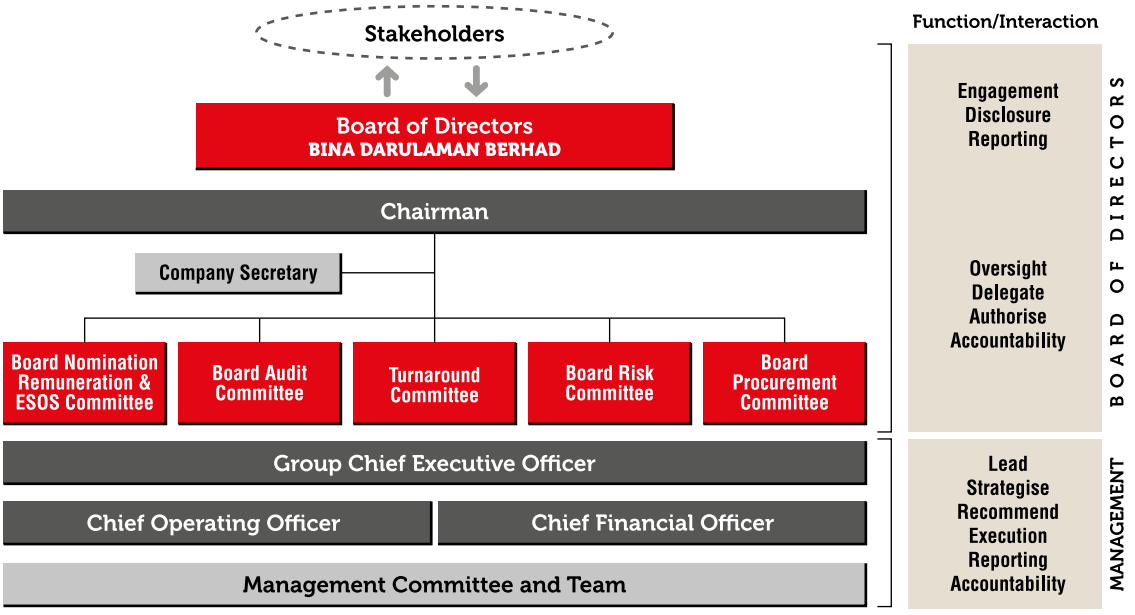
CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

NO.	PRACTICE	DETAILS	APPLICATION
31	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 recognized framework.	Applied
32	Practice 11.1	The board ensures there is effective, transparent and regular communication with its stakeholders.	Applied
33	Practice 11.2	Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.	Applied
34	Practice 12.1	Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.	Applied
35	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.	Applied
36	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.	Departure

CORPORATE GOVERNANCE FRAMEWORK

In FY2019, BDB enhanced its CG practices according to its CG structure established since FY2017.

CG STRUCTURE



The revised BDB's structure provides a two-way interaction among the Board, the Chairman, the Board Committees, the Group Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer down to the management and operational level.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS

Structural Changes to Board Composition

In the early part of 2019, there were several changes to the Board composition: -

a) Appointment of Dato' Asri bin Hamidin @ Hamidon, Senior Independent Director to preside the board meeting after retirement of Dato' Paduka Haji Rasli bin Basir, the former Chairman of the Board, on 31 December 2018; and

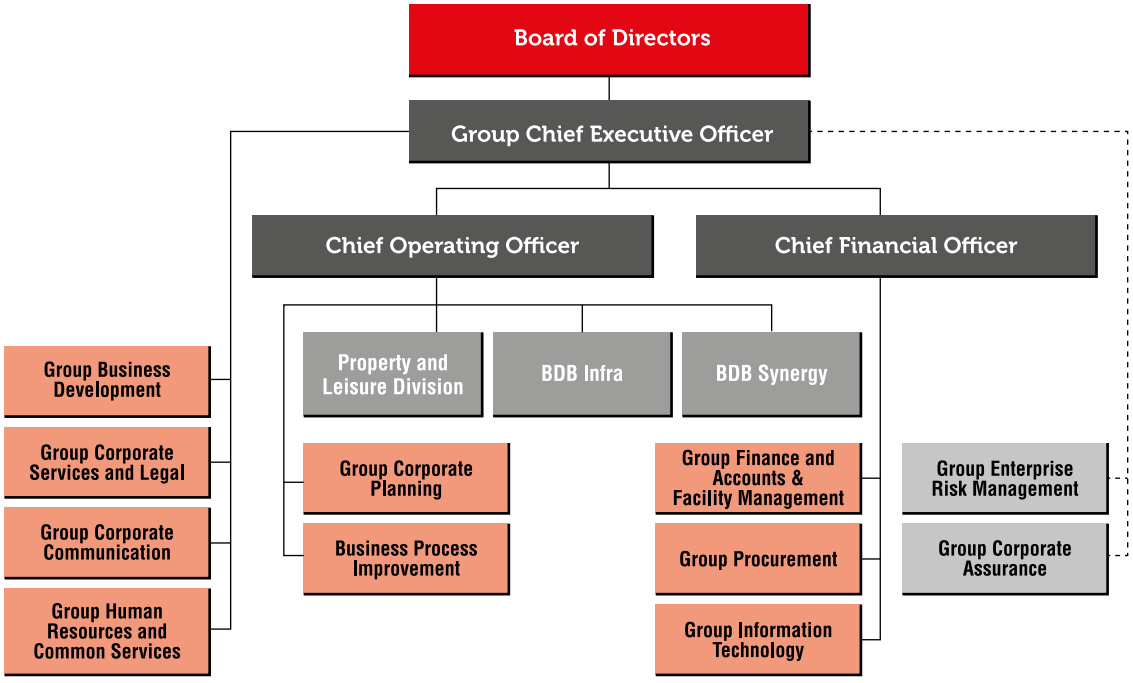
b) Appointment of Dato' Mohamed Sharil Tarmizi as Chairman and Independent Director on 1 September 2019.

Group Organisational Chart

a) Based on BNREC recommendation, the Board was of the view that the Company required strong Senior Leadership team and appointment of top key positions in the Group was approved by the Board.

b) In early 2019, the Senior Leadership team saw the appointments of Group Chief Executive Officer, new placement, Chief Operating Officer and Chief Financial Officer as talent sourcing within BDB as these two (2) positions are of talent that were serving the Group before appointment of the Group Chief Executive Officer. The Senior Leadership Team and Group Organisational chart are as structured below:

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)



Board Responsibilities

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's involvement is reflected in numerous Board and Board Committee meetings as disclosed in this overview statement.

Application Of The Best Governance Practice By The Company

The Board meets on a quarterly basis to review and ensure the Company's strategic aims, values and standards are in place.

The Directors receive a complete and accurate meeting materials at least 5 business days prior to the meetings.

The position of Chairman and Group Chief Executive Officer are held by different individuals.

BOARD	PRIORITIES FOR 2019	KEY ACTIVITIES 2019
• Reviewing and overseeing the strategic direction of the Group. • Oversee and evaluate the conduct of the Group's businesses, identify the principal risks and ensures that the risks are properly managed.	• Oversight of top management performance to achieve Turnaround Recovery Plan. • Focus on initiatives outlined by the top management to improve cash position. • To ensure sustainability of BDB Group of Companies.	• The Board undertakes periodic review of the strategic direction to the Company for guiding the management team to achieve its Turnaround Recovery Plan for FY2019. • The Board had conducted a Board Retreat on 14 December 2019 reviewing its current business strategy and proposed 2 years business plan (2020-2021) and deliberated on the need for key projects to be procured to increase profitability. During this session, the Board and senior management represented from each business divisions exchanged ideas and made up the Group Company's strategy and reviewed it. • The Board reviewed the Turnaround Business Recovery Plan on monthly basis to ensure BDB Group's sustainability. The Board together with Turnaround Committee ("TAC") worked closely with the Management. TAC holds monthly meeting to oversee the progress on Turnaround Recovery Plan.

BOARD AUDIT COMMITTEE ("BAC")	PRIORITIES FOR 2019	KEY ACTIVITIES 2019
• Ensuring that the policies and procedures are duly implemented in the Group's operation. • Reviewing the adequacy of the financial reporting process and internal control of framework. **Note:** Detailed report of BAC please refer to page 70 & 71.	• Focuses on areas that impact revenue stream to the BDB Group and operational areas that are significant for BDB Group to achieve its business objectives. • To provide oversight to the external and internal audit functions. • Align Internal Audit Plan with Risks. • Adequacy and standardisation of Standard Operating Procedures (SOP) practice across BDB Group of Companies.	• Reviewed the unaudited quarterly financial results and the announcements thereof and made recommendations to the Board for consideration and approval for release to Bursa Malaysia. • Reviewed the audited year-end financial results of the Group prior to submission to the Board for consideration and approval. • 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. • Monitor management initiative to improve Standard Operating Procedures of the Group with support from Group Human Resource.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

BOARD NOMINATION REMUNERATION AND ESOS COMMITTEE ("BNREC")	PRIORITIES FOR 2019	KEY ACTIVITIES 2019
• Deliberate on composition and remuneration of Board Committee and top management of the Company. • Review Director and staff benefits and succession planning initiatives as well as performing annual assessment on the Board and Board Committees.	• Appointment of Group Chief Executive Officer and Chairman. • Other routine or new matters proposed by the Management/ Board.	• Concluded appointment of the Group Chief Executive Officer. • Involved in the sourcing, selection of Chairman's candidacy. • Proposed nominees of Top Management for business divisions and their KPIs. • Facilitated and reviewed proposed Board candidates for gender diversification and reviewed psychometric assessment. • Reviewed proposed Directors' fees and benefits for Board recommendation to the shareholders. • Reviewed and recommended the change of Directors of BDB and its subsidiary companies. • Reviewed the BDB Group Organisational Structure / Chart. • Reviewed and recommended management succession planning with regards to C-Suite positions and their KPIs.

BOARD RISK COMMITTEE ("BRC")	PRIORITIES FOR 2019	KEY ACTIVITIES 2019
• Assist the Board in ensuring the Group's risk management and strategy have been implemented and consistently applied. • Screening and assessing the investment opportunities and risk assessment evaluation.	• Strengthen BRC oversight and governance function of risk management to enable the effective discharge by the Board of its responsibility and oversight. • Main focus on BDB Group cashflow and mitigation. • Other routine or new matters proposed by the Management / Board Committee.	• Reviewed and recommended Risk Management Plan 2019. • Reviewed sustainability statement for FY2019. • Reviewed and mitigated BDB Group cashflow status. • Reviewed proposal to unlock the value of potential lands. • Reviewed BDB Group's Risk Update quarterly. • Reviewed BDB Group's proposed new projects.

BOARD PROCUREMENT COMMITTEE ("BPC")	PRIORITIES FOR 2019	KEY ACTIVITIES 2019
• Evaluation and appointment of sub-contractors under Delegated Authority Limit ("DAL"). • Review and approve Procurement policies.	• Review and strengthen the implementation of Procurement Policy, particularly its oversight and governance. • Other routine or new matters proposed by Management / Board Committee.	• Reviewed and proposed revision and enhancement of Group Procurement Policy. • Reviewed and recommended the selection and appointment of contractors/suppliers as guided by DAL. • Strengthened Group Procurement process and compliance.

TURNAROUND COMMITTEE ("TAC")	PRIORITIES FOR 2019	KEY ACTIVITIES 2019
• Alignment of the strategic intent and direction of Recovery Plan and Program with BDB's strategy as approved by the Board. • Alignment with the budget and timeline for various aspects of the Recovery Plan and Program as approved by the Board.	• Review the Cash Flow Projection of BDB Group. • Update the Board on the financial performance of BDB Group. • Update the Board on Business Initiatives by management.	• Reviewed the alignment of the strategic intent and direction of Recovery Plan and Program with BDB's strategy as approved by the Board. • Reviewed the financial and non-financial impacts and benefits generated by the Recovery Plan and Program. • Reviewed alignment with the budget and timeline for various aspects of the Recovery Plan and Program as approved by the Board. • Developed the governance frameworks and controls used by the Recovery Plan and Program. • Reviewed the risk related to the Recovery Plan and Program and mitigation activities undertaken to address these risks.

Board Charter

The Board Charter, which is available online at https://www.bdb.com.my/policies, was adopted by the Board in May 2015. The Board had on 17 March 2019 revised the Board Charter with the following enhancement:

- The latest corporate governance structure of the Company;
- The inclusion and replacement of the role Group Managing Director ("GMD") to Group Chief Executive Officer ("GCEO"); and
- The inclusion of Individual Director's role and responsibilities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

Integrity and Ethics

a) Code of Conduct and Ethics ("CCE")

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").

b) Whistle Blowing Policy ("WBP")

The Board has also adopted the WBP to uphold lawful and ethical behaviours in all its activities and require its employees to act in accordance with all applicable laws, regulations and policies as well as to observe high standards of business and personal ethics in the conduct of their duties and responsibilities.

BDB welcome genuine concern and invite whistleblower to email at: whistleblower@bdb.com.my; or in writing to the Whistleblowing Committee at Level 9, Menara BDB, 88 Lebuhraya Darulaman, 05100 Alor Setar, Kedah Darul Aman. There is no complaint received for FY2019. The WBP will be reviewed every three (3) years and the next review will be conducted in 2021.

c) Section 17A, Malaysian Anti-Corruption Commission ("MACC") Act

In view of the introduction of Section 17A of MACC Act, the Company and its Board of Directors have been engaging with the employees, assessing the risk area and plans are on the way to create more awareness and training, including improvisation of internal control, policy for compliance and managing the risk of bribery and corruption.

A copy each of BDB's Code of Conduct and Ethics, Whistle Blowing Policy and Procedures and Board Nomination, Remuneration and ESOS term of reference are available on the Company's website at https://www.bdb.com.my/policies.

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.

Currently, the Board comprises of six (6) members, all of whom are Non-Executive Directors ("NED"). Amongst the Non-Executive Directors, five (5) are Independent Directors ("ID"). 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 are fully discussed and examined to consider the long-term interests, not only for the shareholders, but also for 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") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). BDB has always been adhering to maximum limit of nine (9) years as stated in MCCG. 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.

During FY2019, the Board, with BNREC's recommendation, reviewed the Board size and Directors' qualification and is satisfied with the current Board's size and performance.

Meetings

The Board Annual Calendar for Board meetings, Board Committees' meetings and AGM ("Meetings") ("The Calendar") is fixed for the whole year in advance. The Calendar was circulated prior to financial year end. The Calendar provides main agenda for each meeting and requirements on dealings by Directors during the closed period and outside closed period. The Calendar is to enable the Board and management to plan ahead to ensure that the Meetings are pre-booked in their respective schedules and compliance with the MMLR.

There are times that the changes were made to the scheduled dates and additional meetings required especially during BDB Turnaround Recovery Plan. The Board fine tunes its schedule accordingly to enable all Board members to attend the meetings.

The Board meets every quarter with additional meetings convened as and when necessary. For FY2019, the Board Meetings and Board Committees' Meetings and details of attendance of each member of the Board are stated below:

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

NAME OF DIRECTORS	BOD	BAC	BNREC	BRC	BPC	TAC
Dato' Mohamed Sharil Tarmizi (Chairman) – appointed on 1 September 2019	3/3	n/a	n/a	n/a	n/a	n/a
Dato' Haji Abdul Rahman bin Abdullah (Non-Independent Non-Executive Director)	12/13	n/a	10/10	9/9	2/3	13/13
Dato' Asri bin Hamidin @ Hamidon (Senior Independent Director)	13/13	6/7	10/10	9/9	3/3	n/a
Sudirman bin Masduki (Independent Non-Executive Director)	13/13	7/7	10/10	n/a	n/a	n/a
Datuk Mohd Radzif bin Mohd Yunus (Independent Non-Executive Director)	13/13	7/7	10/10	9/9	3/3	13/13

Abbreviations/Symbol:

BOD	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
TAC	Turnaround Committee Meeting
n/a	Not Applicable

The overall calendar of meetings of the Board and Board Committees held in FY2019 is provided below:

	JAN	FEB	MAR	APR	MAY	JUNE	JUL	AUG	SEP	OCT	NOV	DEC
Board	*01/2019	• Full	*02/2019	*03/2019 *04/2019	• Full	• Full	• Full	*05/2019 • Full	*06/2019	-	• Full	*06/2019
BAC	-	• Full	*01/2019	-	*02/2019	• Full	• Full	• Full	-	-	• Full	-
BNREC	*01/2019	• Full	*02/2019	*03/2019	• Full	• Full	• Full	• Full	-	-	• Full	*04/2019
BRC	-	• Full	*01/2019	-	• Full	• Full	• Full	• Full	*02/2019	-	• Full	*03/2019
BPC	-	-	-	-	• Full	• Full	• Full	-	-	-	-	-
TAC	• Full	*01/2019	• Full	• Full	• Full	• Full	• Full • Full	• Full	*01/2019	• Full	• Full	*02/2019

Abbreviations /Symbols:

•	Full Board & Committee Meetings
*	Special Board & Committee Meetings
Board/BOD	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
TAC	Turnaround Committee Meeting
-	No Meeting

Total number of Meetings:

NO.	TYPE OF MEETINGS	2019 TOTAL NUMBER OF MEETINGS	TERMS OF REFERENCE ("TOR") FOR EACH MEETING	COMPLIED WITH TOR
1	**Board**	13 times	6 times in each Financial Year	√
2	**BAC**	7 times	4 times a Year	√
3	**BNREC**	10 times	At least Twice a Year	√
4	**BRC**	9 times	At least Quarterly	√
5	**BPC**	3 times	4 times a Year	X (Refer note below stated)
6	**TAC**	13 times	Monthly	√

Note: BPC was not held four (4) times in 2019 as stated in the TOR. The reduced number of meetings was due to the fact that the focus was more on the Turnaround Recovery Plan.

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 especially during Turnaround Recovery Plan for FY2019. In FY2020, the Board will continuously search for additional women candidate in its recruitment exercise. The Board had engaged the assistance of the Institute of Corporate Directors Malaysia (ICDM) to assist the Company in sourcing for Board candidatures.

Board Appointments, Resignation and Re-election of Directors

The appointment, resignation and re-election of the Directors are governed by the Companies Act 2016, Company's Constitution and MMLR.

Dato' Mohamed Sharil Tarmizi was appointed to the Board as an Independent Non-Executive Director cum Chairman on 1 September 2019 and Dr. Muhammad Mahadi bin Mohamad was appointed to the Board with effect from 1 March 2020.

At the forthcoming AGM, there will be four (4) Directors who will be retiring by rotation pursuant to the Company's Constitution, namely Datuk Mohd Radzif bin Mohd Yunus, Encik Sudirman bin Masduki, Dato' Mohamed Sharil Tarmizi and Dr. Muhammad Mahadi bin Mohamad. All of them, being eligible, have offered themselves for re-election.

Details of the appointment and re-election of the Directors are provided in the CG Report (Practices 4.6 and 5.1 of MCCG).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

Board Induction/Orientation Programme

Each new Board member participates in a formal Board's Induction Programme co-ordinated by the Chairman or the Group Chief Executive Officer.

The Board's Induction Programme includes presentation by 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.

The Board's Induction Programme with the newly appointed Chairman was conducted on 26 August 2019 prior to his appointment on Board. Site visit was arranged on 13 September 2019 to foster relation between newly appointed Chairman / Director, existing Directors and Senior Management. The Board's induction in person for Dr. Mahadi was conducted on 20 February 2020.

Supply of Information

Board papers with sufficient notice are distributed to Directors at least five (5) business days 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 Committee 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 Malaysia. 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 directors' circular resolutions ("DCR") which are supported with all the relevant information and explanations required for an informed decision to be made. The DCR 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 221 of the Companies Act 2016. In the event of potential conflict of interest, the Director concerned 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.

Directors' Remuneration

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 of the Company for FY2019 is as follows:

NAME OF DIRECTORS	FEES (RM) '000	MEETING ALLOWANCES (RM) '000	ALLOWANCE (RM) '000	BONUS (RM) '000	OTHER EMOLUMENTS (RM) '000	TOTAL CASH & BENEFITS (RM) '000
Dato' Mohamed Sharil Tarmizi (Chairman)	12	10.5	40	-	22	84.5
Dato' Haji Abdul Rahman bin Abdullah (Non-Independent Non-Executive Director)	36	97.5	-	-	20	153.5
Dato' Asri bin Hamidin @ Hamidon (Senior Independent Director)	36	99	-	-	20	155
Sudirman bin Masduki (Independent Non-Executive Director)	36	72	-	-	20	128
Datuk Mohd Radzif bin Mohd Yunus (Independent Non-Executive Director)	36	124.5	-	-	20	180.5
GRAND TOTAL (RM) '000						**701.5**

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's Remuneration

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:

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

RANGE OF REMUNERATION (RM)	TOP 5 SENIOR MANAGEMENT				
	Group Chief Executive Officer	Chief Operating Officer	Chief Financial Officer	Company Secretary	Head, Group Corporate Assurance
150,000 & below	-	-	-	-	-
150,001 - 200,000	-	-	-	✓	✓
200,001 - 250,000	-	-	✓	-	-
300,001 - 350,000	-	✓	-	-	-
400,001 - 450,000	-	-	-	-	-
500,000 - 550,000	✓	-	-	-	-

BOARD BENEFITS

Common benefits in-kind prevalent to similar size of listed companies are provided by BDB to its Directors, such as training expenses, mobile communication devices (i.e. iPad for paperless board meeting), telecommunication facilities, medical benefits (hospitalisation only) and insurance benefits including Directors' & Officers' Liability insurance and Travel Personal Accident Insurance.

The benefit is reviewed by the Board every three (3) years upon reviewed by the BNREC. The next review will be conducted in 2023 subject to the Company's financial performance.

Directors' Training

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

All Directors have successfully completed Mandatory Accreditation Programme prescribed by Bursa Malaysia. The Directors will continue to attend other relevant training programmes to keep abreast with developments on a continuous basis in compliance with the MMLR and to enable them to effectively discharge their duties and sustain active participation in the Board deliberations.

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 Malaysia.

During FY2019, 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

DIRECTORS	LIST OF TRAINING / CONFERENCE / SEMINAR / WORKSHOP ATTENDED / PARTICIPATED
Dato' Mohamed Sharil Tarmizi	• An Overview of the Listing Requirements • Sustainability in Business • Power Talk: Adequate Procedures: the Director's Response to Individual Liability
Dato' Asri bin Hamidin @ Hamidon	• Daiwa Securities: Daiwa Capital Markets Conference
Dato' Haji Abdul Rahman bin Abdullah	• Job Description Workshop • Seminar Penstrukturan • Bengkel Anak-anak Syarikat, PKNK • Kursus Pra-Persaraan • Kursus Jangka Pendek – "Project For Regional Revitalisation Through Promotion of Kedah Food Valley"
Sudirman bin Masduki	• BURSA: Demystifying the Diversity Conundrum - The Road to Business Excellence
Datuk Mohd Radzif bin Mohd Yunus	• ICDM: International Directors Summit 2019 - The Trusted Compass: Resetting the Course • Turning Crisis into Opportunity: Emerging Stronger Post-Covid 19
Dr Muhammad Mahadi bin Mohamad	• Mandatory Accreditation Programme for Directors of Public Listed Companies

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Board Audit Committee ("BAC")

The Chairman of the Audit Committee is not the Chairman of the board. The BAC supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group.

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 contents are compiled according to rules and regulation, including provisions of the Bursa Malaysia MMLR;
- the Board, with the assistance of the BAC, shall oversee and manage the financial reporting and internal control policies and will maintain appropriate relationship with the Company's Auditors; and
- 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 recommendation of the MCCG, 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 has been in compliance with this matter.

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 met with the external auditors without the presence of Management on 23 November 2019 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 79 to page 83 of this Annual Report and also in the CG Report.

Relationship with External Auditors

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 77 to page 78 of this Annual Report.

The external auditors are invited to attend the BAC 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 to prepare and approve the 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.

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 of the financial position of BDB that enable proper financial statements to be prepared. The Directors 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 and dissemination of information should be through interaction during AGM, systematic engagement with the Shareholders, media releases, public announcements, responses to shareholders' queries and informative website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

Conduct of General Meetings

The Board always ensures that the conduct of General Meetings complies with the best practices and shareholders are notified with the meeting details. The Annual Report 2018 together with notice of the AGM were sent to the Shareholders and Bursa Malaysia on 1 April 2019. The Company adopted 28 days' notice period for 2019 AGM.

All resolutions were voted by poll and verified by the scrutineer in compliance with the MMLR.

The Company will conduct its general meetings in Kuala Lumpur by rotation year to ensure outstation shareholders are able 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 to the best of our ability.

All Board members 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 attention.

GOVERNANCE INITIATIVE AND FUTURE PRIORITIES

The future priorities for the Company are to strengthen its governance, compliance, close interaction with shareholders and also to move forward progressively being a reputable public listed company in Kedah.

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 BAC

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

The members of the BAC are as follows:

	NAME	DIRECTORIAL STATUS
1	**Sudirman bin Masduki**	Chairman / Independent Non Executive Director
2	**Dato' Asri bin Hamidin @ Hamidon**	Member / Senior Independent Director
3	**Datuk Mohd Radzif bin Mohd Yunus**	Member / Independent Non Executive Director

The profiles of the BAC members are disclosed on pages 21, 23 and 24 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 htpp://www.bdb.com.my/policies. The latest update was effective on 17 March 2019.

SUMMARY OF THE BAC'S ACTIVITIES

Meetings and Minutes

During the year ended 31 December 2019, the Committee met seven (7) times by way of ordinary meetings on 16 February 2019, 20 June 2019, 21 July 2019, 23 August 2019, 23 November 2019 and two (2) Special Meeting held on 17 March 2019 and 26 May 2019.

	NAME	NUMBER OF MEETINGS	
		HELD	ATTENDANCE
1	**Sudirman bin Masduki**	7	7/7
2	**Dato' Asri bin Hamidin @ Hamidon**	7	6/7
3	**Datuk Mohd Radzif bin Mohd Yunus**	7	7/7

Permanent invitees to BAC are the GCEO, CFO, Company Secretary and Head of Group Corporate Assurance (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 BAC to the Board.

The BAC is mindful of the challenges faced by the Group and initiatives on the Group's recovery plan, as such had advised the GCA team to validate and focus their auditing efforts in this area.

The BAC 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;

AUDIT COMMITTEE REPORT (CONTINUED)

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 2019 Annual Internal 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) GCA to conduct special review and extension of scope to ascertain internal control inefficiencies and document for business process improvement and lesson learnt;

(v) Raised concerns on certain operational issues for future audit review;

Other significant oversight activities are as follows:

i) Reviewed the Statement on Risk Management and Internal Control and the BAC 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 authorised the submission of draft circular to Bursa Securities;

v) Reviewed and approved the proposed changes to Terms of Reference of BAC to incorporate C-Suite positions i.e. Group Chief Executive Office, Chief Operating Officer and Chief Financial Officer.

vi) Reviewed the proposed revision to delegated authority limits for Board's approval.

vii) Update the Board on the BDB Management System initiative to standardise Standard Operating Procedures of the Group with support from Group Human Resource;

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 accomplishes 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 2019, GCA Department conducted audit review based on the approved Annual Audit Plan. 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;

iii) Investigative audit on alleged non-compliance of business proposals implementation related to procurement activities.

The total cost incurred for the Internal Audit Function for the financial year was approximately RM462,178.44.

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 Board Risk 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")
- Turnaround Committee ("TAC")

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 Dato' Haji Abdul Rahman bin Abdullah (Chairman), Mohd

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

Iskandar Dzulkarnain bin Ramli ("COO") and Fakhruzi bin Ahmad ("CFO").

The EXCO function was deactivated with the appointment of Encik Faris Najhan bin Hashim as the Group Chief Executive Officer ("GCEO") of Bina Darulaman Berhad with effect on 4 February 2019.

Change Committee/Turnaround Committee

Business recovery plan embarked in year 2018 was continued in year 2019 due to challenging financial performance of the Group. Change Committee that was established on 26 August 2018 to assist the Board in its oversight responsibilities for the Group's business recovery Plan had changed its name to Turnaround Committee effective on 25 May 2019.

Authority Limit

The Group, via its Delegated Authority Limit ("DAL"), assigns authority to appropriate levels of management to exercise control over the Group's 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 20 June 2019 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 GCEO before being tabled to the Board for approval. The Board has reviewed and approved the Group business recovery plan and budget for year 2020 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.

Business Continuity Management

The Group is committed to safeguarding the interest of all our stakeholders by ensuring that critical business processes are resilient and the effects of disruptions to business operations are minimised and recovered in a timely manner following a disruption or disaster.

The Group has established a Business Continuity Plan ("BCP") that is designed to provide direction and pre-determined management decisions and action plans in managing a disaster situation.

In view of the COVID-19 pandemic that has affected all activities globally, the Group has taken preventive measures to ensure the health of employees is being taken care and to ensure interruption to business operation is minimized. Preventive measures initiated by the Group, among others were:

- continuous engagement with employees via e-mail communication, posters display

highlighting the practice of good personal hygiene, practice of social distancing, reminders to avoid travelling to affected countries (China, Korea, Japan, Italy, etc.), avoid or limit physical meetings, avoid visiting large gathering or heavy crowd;

- distribution of hand sanitizers to staff;
- body temperature reading on employees and visitors as well as placement of hand sanitizers at the entrance of BDB Group's work premises; and
- employees were required to fill up the Travel and Health Declaration Form

Whilst the Group are actively engaging employee on the above preventive measures, the Group has also embarked the preparation to activate the BCP should any of the Group's employees are confirmed positive of COVID-19. As a minimum, the Group has identified Minimum Business Continuity Objective on critical functions and identification of alternate work location depending on the Group's subsidiaries operation and location.

On 17 March 2020, in line with the announcement of Movement Control Order (MCO) made by the YAB Prime Minister, the Group has taken necessary action by issuing work instruction guidelines across the Group's business operation and ensuring compliance to the standard operating procedures issued by the relevant authorities during the various stages of the MCO.

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, authorisations, 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.
- GCEO 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 GCEO and Management 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 GCEO 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 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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(CONTINUED)

required. GCA highlights issues concerning internal control failures and/or weaknesses and other observations to improve business processes. All 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 have 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. The Group continuously executed the ERM initiatives based in the approved ERM framework which includes the establishment 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 2019, Risk Management has conducted six (6) BRC Meetings and three (3) Special BRC Meetings 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:

- Periodic 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, their roles and responsibilities associated to ERM; and
- Maintain documented risk information (risk registers and action plans) for continuous ERM activities.

The Group Enterprise Risk Management ("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 register. 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 are being monitored by respective Senior Management of the business units.

Roles and Responsibilities of the 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 the ERM educational programmes; and
- To share inputs on risks and market trends.

Assurance Received from Group Chief Executive Officer 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 Group Chief Executive Officer 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 2019, 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:

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.

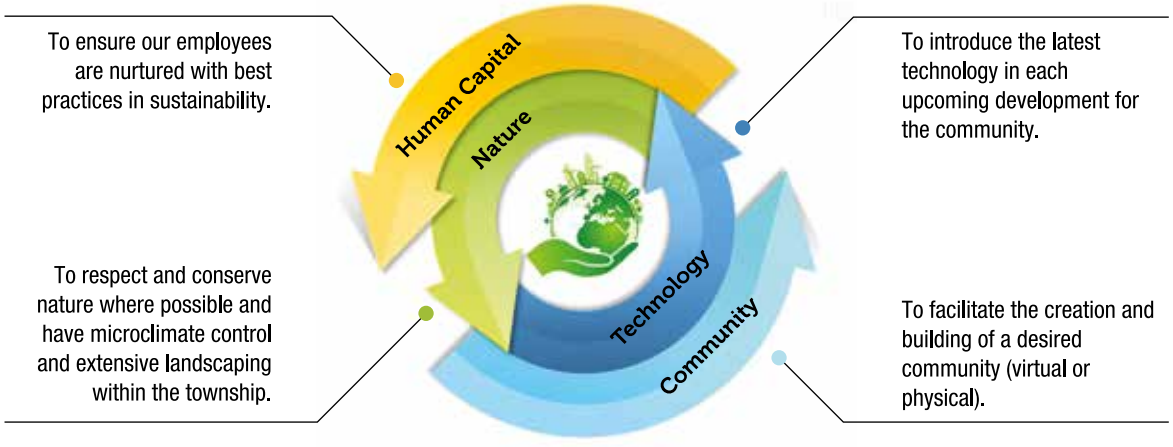
SUSTAINABILITY STATEMENT

PRESERVING SUSTAINABILITY

In line with the changes in our corporate leadership and transformation of our organisational structure, we took critical steps towards integrating sustainability into our corporate culture and reconfiguring our sustainability data compilation process. We have obtained deeper understanding on how sustainability was perceived in the organisation, which sustainability practices were already implemented and where further improvement is needed.

We are grateful for the commitment and support received from our employees, who are the key enabler to the current and future success of our corporate sustainability goals and strategy. We believe that efforts to advance our sustainability agenda will enable us to nurture sustainable best practices and further strengthen our position in the industry.

The Group's overall sustainability strategy is aligned to its vision and core values. Through this alignment, we have adopted four (4) key sustainability pillars, namely Technology, Human Capital, Community and Nature.



SUSTAINABILITY GOVERNANCE

Our commitment to sustainability is embedded in our corporate leadership. It is a top down approach from the Board to GCEO's office and cascade down to Head of Subsidiary offices throughout the 4 Divisions. Sustainability is part of our corporate governance structure.

It is embedded to our employees through our Company policies and Standard Operating Procedure (SOP). The implementation of specific certification is also a part of sustainability effort done to improve our processes in our operations.

Engaging with the community where we operate our business is another stepping stone for the Group to inculcate sustainability in our corporate culture. The prosperity of our businesses is aimed to be shared amongst the employees, business community and the people of the state of Kedah generally.

KEY STAKEHOLDERS

We are committed to strengthen the stakeholder engagement addressing emerging issues and drive changes on the ground.

The following describes the Group's stakeholders and the engagement methods:

NO.	STAKEHOLDERS	DESCRIPTION	ENGAGEMENT METHOD
1.	Shareholders/ potential investors/ potential business partners	Shareholders and investors provides funds for the Group with the expectation of positive returns. Engagement with shareholders and investors is critical to enable them understand the Group's businesses, its strategies, future growth and expectation.	• Annual General Meeting • Bursa Malaysia announcements • Ongoing media releases • Meetings with potential investors/ business partners
2.	Customers: • House buyers • Commercial buyers • Land buyers • Infrastructure and constructions customers	• Buyers of properties and land • Clients of our infrastructure services – quarry products, road construction and other construction services	• Regular – daily through day-to-day engagement • Meetings • Correspondences • Brochures • Products and services briefings • Media announcement and advertisements • Bursa Malaysia announcements
3.	Customers for Leisure & Hospitality	• Golfers • Hotel and Food & Beverages Guests • Guests of our nature and water theme parks	• Advertisements • Brochures • Ongoing media releases • Annual General Meeting • Bursa Malaysia announcements
4.	Financiers/ banks	The Group seeks various funding method to finance its operation.	• Annual general meetings • Bursa Malaysia announcements
5.	Local authorities/ municipalities/ Regulators/ Government ministries	Authorities and government established rules and regulations which govern the Group operation. The Group engages with them to ensure compliance with the legislations.	• Regular meetings and discussions • Compliance with rules and regulation • Submission of reports required under regulations • Briefings and training
6.	Sub-contractors and suppliers	The Group operates with relevant service providers and suppliers in delivering our products and services.	• Tenders • Briefings and meetings • Compliance with rules and regulations

SUSTAINABILITY STATEMENT (CONTINUED)

NO.	STAKEHOLDERS	DESCRIPTION	ENGAGEMENT METHOD
7.	Local Community/ NGOs/ Industry Associations	The Group engages with local communities, NGOs, industry associations and academia to achieve mutual benefits.	• REHDA • FIABCI
8.	Employees	Our people are the key to operational excellence and achieving business objectives. The Group provide them with conducive working environment, enabling them to develop and prosper with the Group.	• Townhall sessions • Performance management • Involvement in community activities • Sponsorships and talent enhancement • Training and development

SCOPE AND REFERENCE

This sustainability statement covers the period from 1 January 2019 to 31 December 2019. It includes our Four Divisions namely, Property Development, Engineering & Construction, Road Building & Quarry and Leisure & Hospitality. Details are available in our corporate structure section in page 16.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

The materiality assessments were facilitated through a desktop review on the Group's business operation and risk areas and Group's Senior Management.

For the purpose of reporting for the FY2019 Annual Report, we will continue to focus on the following 15 key sustainability matters:

	KEY SUSTAINABILITY MATTERS
A) **Economic**	1. Profitability and Government Policy 2. Anti-corruption and Bribery 3. Whistle-blowing Policy 4. Sales & Marketing 5. Digital and Business Transformation
B) **Environment**	6. Pollution Control and Waste Management 7. Property Development 8. Compliance with Environmental Laws and Regulations
C) **Social**	9. Succession Planning 10. Employee Training and Development 11. Customer Satisfaction, Engagement and Privacy 12. Branding and Reputation 13. Safety, Health and Environment 14. Public and Community Engagement 15. Employee Engagement

A. ECONOMIC

Profitability and Government Policy

The Company wish to gain profitability in its businesses through sustainable operational excellence. Profitability not just for the Company and its employees, but to support the economic growth for the state of Kedah and its people. Government Policy serves as a guideline in spearheading our business as one of the prominent Kedah state GLC.

Anti-Corruption & Bribery

From our vision, mission and objectives, we formulated behavioural rules specified in a series of codes of conduct and corporate standards. It is applicable to our employees, 3rd party contractors and suppliers, 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 the 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.

Whistleblowing Policy

Our whistleblowing policy outlines the procedures for our employees, third parties and stakeholders for reporting suspected and actual corruption and other illegal activities in the Group. It outlines the process to inform appropriate authority, actions to be taken and protection of the anonymity of the employees, third parties and stakeholders who lodge the report. 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

No cases were reported through the Whistleblowing channel in 2019.

Sales & Marketing

2019 was a tough year for Property Development Industry as it continues the challenge faced in the year before. Affordability and financing issues have become a tough challenge in the property market segment. As one of the solutions to these challenges, we have introduced the “EZY Home Ownership Campaign” in order to bridge the funding gap for the buyers to be able to own their dream homes. This campaign has shown positive feedback resulting in the increased of sales numbers.

Affordability issue has been addressed by initiating product design to meet market’s demand and on the same time conduct value engineering to maintain its affordability.

Digital and business transformation

We are continuously working to enhance our digital and business transformation processes.

We are putting efforts in expanding our digital marketing and engagement with customers via social media advertisement using official BDB account.

SUSTAINABILITY STATEMENT (CONTINUED)

In FY2020, we will enhance our business process and at the same time, we translate this improvement through our projects – property development, construction & engineering, road building & quarry and leisure and hospitality.

In the years to come, we will invest in building our technological capabilities, mainly to drive innovation and improve customer experience.

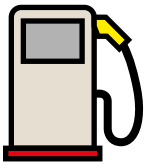
B. ENVIRONMENT

Pollution Control and Waste Management

BDB Group is committed to improve our environmental performance and demonstrating good environmental practice in our operations. We work with our Divisions to reduce water and energy consumption, improve waste management processes and raise environmental issues awareness to our employees. We invest in our people and processes to ensure that we meet the environmental standards. At Group level, we are managing our energy and water consumption to a minimum level.

Energy Consumption:
3.38mil Kw/H

Water Consumption:
159,301m³



Diesel Consumption Reduced by:
41%

In Road Building and Quarry division, BDB Infra uses diesel for their heavy machinery and equipment. Acknowledging the importance of managing carbon footprint, we are currently putting in place mechanism to track and manage our diesel consumption more efficiently. During FY2019, we managed to reduce the diesel consumption to 1.98 million litres compared to previous year, 3.37 million litres of consumption.

BDB Infra - Quarry Division abide by the local environmental regulations and compliance requirements guided by ISO14001:2015 Environmental Management System certification.

In Engineering and Construction division, our project sites are governed by stringent policies on environmental protection including waste management. We are committed in achieving environmental excellence in our business operations.

We are promoting zero waste across the Group, efforts are currently undertaken to measure our waste generation. Our type of waste across all 4 divisions are summarised as follows:

DIVISION	PROPERTY DEVELOPMENT	ENGINEERING & CONSTRUCTION	ROAD BUILDING & QUARRY	HOSPITALITY & LEISURE
Waste generated	Construction waste	Construction waste	• Aggregates and premix wastes • Used engine oil	Used water
Disposal / recycling method	• Recycled • Disposal through appointed licenced contractors	• Disposal through appointed licenced contractors	• Recycled • Disposal through appointed licenced contractors	• Recycled * Disposal through appointed licenced contractors

Property Development

BDB Group remain committed in creating and delivering healthier and sustainable lifestyle by incorporating recreational elements in our property projects. We specifically make efforts to conserve nature and undertake extensive landscaping at our townships to support the "Green" concept.

Our 80 acres Darulaman Park located in Bandar Darulaman, consist of 45% of waterbody area and 55% of land providing open green field, jogging and cycling tracks and water recreational activities for the community. We also provide jungle trails and mountain bike trails at our 60 acres Darulaman Hills.

Our future projects are planned with sustainability in mind. The Langkawi Premium Outlet (LPO) project incorporated the natural resources of flora and fauna into the Masterplan design. The 24 acres development is combined with the original green lung area of 4.7 acres and maintaining the 4.6 acres of existing waterbody.

Arborist has been engaged to provide flora inventory and preservation plan. Fauna inventory are done by our Darulaman Sanctuary employees. Over 29 type of trees have been tagged and 42 fauna species have been documented.

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 in our operations and efforts are taken to ensure all resources available in managing environmental regulation.

C. SOCIAL

BDB Group aims to create sustainable value in its operations. This objective bond our employees and align with our corporate values, guiding our actions and decision-making. Recruiting, developing and retaining the best talents is crucial to our success. We offer a stimulating and challenging working environment. Our performance culture is based on regular feedback and appreciation to excellent achievements – both through attractive compensation and through individual development opportunities. We value diversity, 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 and gender.

SUSTAINABILITY STATEMENT (CONTINUED)

Succession planning

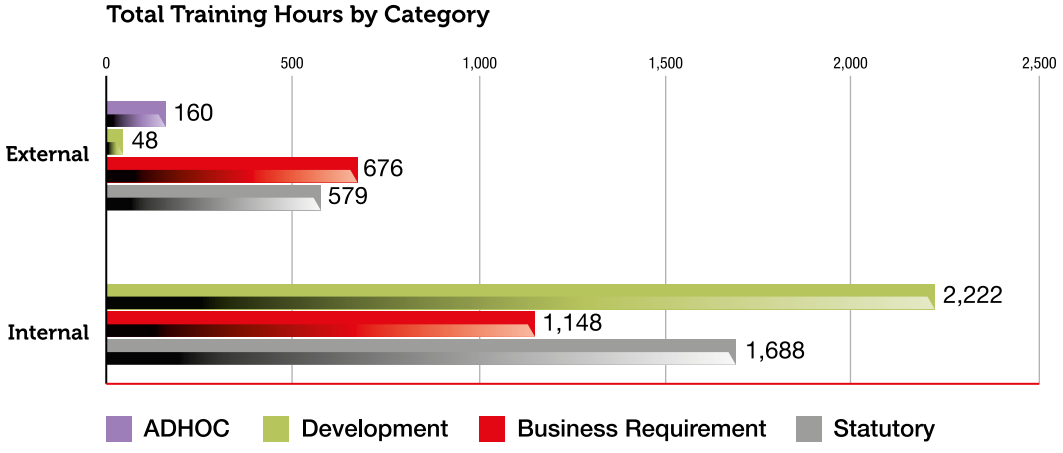
We acknowledge the need for business continuity and ensuring our stakeholders that we can operate in highly competitive environment with our talented professionals. Succession planning is another key area where we create a pipeline of talent pool. This is in line with our growth strategies and provide future leaders with specific competencies.

Therefore, we have established a succession planning identifying our designated key employees at senior management and operational levels, and the successor to those designation. During the year, we have recruited new talents in key positions including senior leadership team and at the operational levels. Our multi-pronged approach is to strengthen our manpower for business continuity, impart specific competencies to meet the manpower demand.

Employee Training and Development

BDB Group encourage employee development through internal, external and in-house training. Our goal is to equip our employees with competencies and leadership capabilities, where they can perform at the highest potential. Our aim is to create a learning organisation where employees can learn, develop, implement and transform themselves through continuous learning intervention and achieve excellence at BDB Group.

For FY2019, we provided our employees with a total of 6,521 training hours offering various technical, soft skill and management skill enhancement for our employees. We divided these trainings into Statutory, Business Requirement, Development and ADHOC categories which are developed based on Training Needs Analysis. These trainings were conducted by internal and external trainers. Total training hours by category during FY2019 is presented as per table below:



At BDB, we are a strong and committed workforce, from diverse ethnic and cultural backgrounds, age groups and professional qualifications. Together, we form a productive team and work closely to meet high performance standards.

Customer Satisfaction, Engagement and Privacy

We engage with our customers regularly to understand their aspiration, needs and expectation with a goal to customise our products and services in meeting their requirement.

We conducted customer satisfaction survey in the FY2019 to better understand customer's feedback related to our property development projects. Various initiatives and programmes have been identified, these include to identify key innovation on properties for the future and to establish key indicators for measuring customers satisfaction level.

We maintain our customers' information as required under the Malaysian Personal Data Protection Act 2010.

Branding & Reputation

We engage with our stakeholders continuously for the purpose of benchmarking our performance. Open channels with opinion leaders and stakeholders help us to understand the latest external insights and outlook related to our businesses.

At regular intervals, we seek independent opinions to evaluate how our operations balance the relationship between economic, environmental and social aspects.

In 2019, our Engineering & Construction arm, BDB Synergy received a Certificate of Appreciation for Projek Perumahan Rakyat (PPR) Ayer Hitam by Kementerian Perumahan Dan Kerajaan Tempatan (KPKT) after completing the project 111 days earlier than scheduled completion. This recognition has further strengthened our reputation in construction business and project management best practices.

Safety, Health and Environment

Safety, Health and Environment (SHE) in an important element to our operations. We view the implementation in a serious manner, with the ultimate goal to keep our employees, contractors and our surrounding community safe. SHE Induction training are conducted to our new joiners and SHE Refresher training to the existing employee. This training alone recorded a total of 840 training hours.

Our Quarry Division – BDB Infra has been awarded as the best Company at National Level in managing SHE for quarrying and mining category on 27 February 2019.

Over the course of FY2019, BDB Group has spent I,867 training hours related to Occupational Safety and Health ("OSH") educating employees, construction workers and Emergency Response Team (ERT) members. We have extended our safety and health risk management efforts to include our contractors and sub-contractors.

During the year, we have reduced our Loss Time Injury (LTI) from 70 days in 2018 to 34 days in 2019. We have improved several control measures including revising our Safety Standard Operating Procedure (SOP) and Hazard Identification, Risk Assessment and Determination Control (HIRADC). These changes are communicated to employees and contractors accordingly.

'Tool-box' meetings were held on weekly basis to remind to site workers on Safety, Health and Environment issues.

SUSTAINABILITY STATEMENT (CONTINUED)

Public and Community Engagement

Our engagement programmes focus on Education & Knowledge, Sport & Leisure, Religious and Community Engagement. During the FY2019, we have contributed to 27 programmes.

Employee Engagement

Our employees are part of our community. They lived in the surrounding area where our business operates. Employees with prolonged illnesses or their family members with prolonged illnesses are supported accordingly. The Company provided support through supply of medical equipment.

The Company has improved the access to medical benefits for our employees through appointment of third-party administrator for inpatient and outpatient medical benefits.

We have conducted the inaugural "Gulai Daging Kawah" activity where employees through their Sports Clubs from the Divisions are working together cooking from raw material to finished product – a large pot of "Gulai Daging" distributed to all employees for Ramadan iftar with their family.

Townhall sessions is one of our platforms to engage with our employees. A series of townhall has been conducted with all Divisions in 2019.

Corporate Social Responsibility (CSR) Programme at Gunung Jerai

BDB Group via Employee's Sports & Recreation Club has organized CSR Programmes at Gunung Jerai. The main objective is to create awareness amongst the employees and community on the preservation of natural resources. This has been done by conducting communal work or"gotong-royong" at specific attraction areas at Gunung Jerai. The Programme is divided into four (4) series and has been initiated on 28 November 2019.

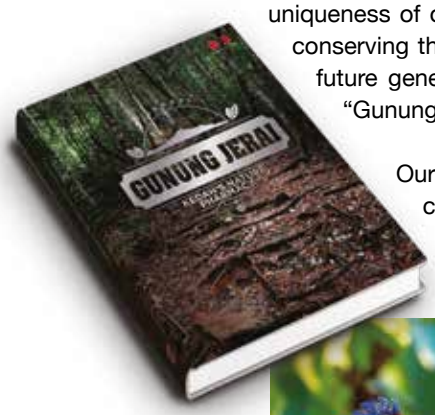
More than 250 participants from BDB Group together with Kedah State Development Corporation staff participated in the programme

where they successfully cleared rubbish and plastic waste at several areas around the mountain range including Padang Tok Sheikh, Telaga Tok Sheikh, Batu Kapal and Taman Rimba.

BDB Group plan to continue this activity in 2020 and we look forward to collaborating with state government agencies.

Conservation of Flora and Fauna

We believe proper documentation of flora and fauna will create awareness on the importance and the uniqueness of our natural environment to our employees and the community. As part of our effort for conserving the natural resources, we continue to develop publications to pass on the knowledge to future generations. In the pipeline, we are in the midst of completing another publication called "Gunung Jerai, Kedah's Nature Pharmacy".



Our conservation activities at Darulaman Sanctuary, Lubuk Semilang, Pulau Langkawi continues whilst providing eco-tourism for public to observe and appreciate nature. Documentation of species of flora and fauna is still on-going and we expect to discover more endemic species as we continue our efforts.

Our Darulaman Sanctuary is where conservation efforts are embedded in our eco-tourism activities. It is home to over 180 plant species and over 80 bird and animal species have been recorded so far.

NOTIFICATION TO SHAREHOLDERS

Dear Valued Shareholders of BINA DARULAMAN BERHAD

It is our pleasure to inform you that this Annual Report 2019 has been announced to Bursa Malaysia Securities Berhad on Tuesday, 30 June 2020.

Please scan the QR code to review Annual Report of the Company which is also available at **https://www.bdb.com.my/agm-25**.

1.	**Annual Report 2019**	**Scan Here**

You may submit your request for a copy of the printed Annual Report 2019 at https://www.bdb.com.my/ar2019 OR by contacting the following persons through telephone/e-mail address as given below.

Hajariah at 604-7300 303 (ext.1133) or email address https://hajariah@bdb.com.my
Syafiza at 604-7300 303 (ext.1147) or email address https://syafiza@bdb.com.my

For assistance kindly contact the above mentioned names.

We thank you for your continued support to Bina Darulaman Berhad.

By order of the Board,
Khairulmuna binti Abd Ghani
Company Secretary
LS 0008190

30 June 2020

FINANCIAL STATEMENTS

96 Directors' Report

100 Consolidated Statement of Financial Position

101 Consolidated Statement of Profit or Loss and Other Comprehensive Income

102 Consolidated Statement of Changes in Equity

103 Consolidated Statement of Cash Flows

106 Statement of Financial Position

107 Statement of Profit or Loss and Other Comprehensive Income

108 Statement of Changes in Equity

109 Statement of Cash Flows

111 Notes to the Financial Statements

187 Statement by Directors

188 Statutory Declaration

189 Independent Auditors' Report

DIRECTORS' REPORT

for the year ended 31 December 2019

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2019.

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
Profit/(Loss) for the year	4,707	(7,524)

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 2019

DIRECTORS OF THE COMPANY

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

Dato' Asri bin Hamidin @ Hamidon
Dato' Haji Abdul Rahman bin Abdullah
Sudirman bin Masduki
Datuk Mohd Radzif bin Mohd Yunus
Dato' Mohamed Sharil bin Mohamed Tarmizi (Appointed on 01.09.2019)
Dr Muhammad Mahadi bin Mohamad (Appointed on 01.03.2020)

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
Dato' Haji Abdul Rahman bin Abdullah
Faris Najhan bin Hashim
Mohd Iskandar Dzulkarnain bin Ramli
Fakhruzi bin Ahmad
Tahir bin Md Zin
Mohd Sobri bin Hussein
Khairulmuna binti Abd Ghani
Abdul Halim bin Hassan

DIRECTORS' INTEREST IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	NUMBER OF ORDINARY SHARES			
	AT 1.9.2019#	BOUGHT	SOLD	AT 31.12.2019
Interests in the holding company:				
Dato' Mohamed Sharil bin Mohamed Tarmizi				
– own	-	30,000	-	30,000
– others*	-	40,000	-	40,000

At the date of appointment.

* These are shares held in the name of spouse and/or children and are treated as interest of the Directors in accordance with the Companies Act.

None of the other Directors holding office at 31 December 2019 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT (CONTINUED)

for the year ended 31 December 2019

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.

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.

DIRECTORS' REPORT (CONTINUED)

for the year ended 31 December 2019

OTHER STATUTORY INFORMATION (CONTINUED)

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 2019 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.

SUBSEQUENT EVENTS

The details of such events are disclosed in Note 30 to the financial statements.

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 :

……

Sudirman bin Masduki
Director

……

Dato' Haji Abdul Rahman bin Abdullah
Director

Alor Setar,

Date : 17 May 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	NOTE	2019 RM'000	2018 RM'000
Assets			
Property, plant and equipment	3	87,625	99,319
Investment properties	4	61,287	40,560
Inventories	6	326,913	353,810
Other investments	7	135	135
Total non-current assets		475,960	493,824
Inventories	6	69,318	71,853
Contract assets	9.1	17,196	11,286
Contract costs	9.2	232	131
Trade and other receivables	10	80,072	83,638
Current tax assets		2,956	10,618
Other investments	7	2,653	13,394
Deposits with licensed banks	11	18,475	17,388
Cash and bank balances	12	57,133	42,878
		248,035	251,186
Assets classified as held for sale	13	21,632	-
Total current assets		269,667	251,186
Total assets		745,627	745,010
Equity			
Share capital	14	331,020	331,020
Retained earnings		132,349	127,642
Total equity		463,369	458,662
Liabilities			
Deferred tax liabilities	8	507	813
Loans and borrowings	15	29,159	34,436
Total non-current liabilities		29,666	35,249
Trade and other payables	16	139,957	110,987
Contract liabilities	9.1	10,191	17,897
Loans and borrowings	15	102,444	122,215
Total current liabilities		252,592	251,099
Total liabilities		282,258	286,348
Total equity and liabilities		745,627	745,010

The notes on pages 111 to 186 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

	NOTE	2019 RM'000	2018 RM'000
Revenue	17	248,220	203,390
Cost of sales	18	(196,040)	(191,628)
Gross profit		52,180	11,762
Distribution expenses		(2,426)	(7,979)
Administrative expenses		(33,455)	(39,526)
Other operating income		8,122	6,635
Other operating expenses		(7,522)	(176)
Results from operating activities		16,899	(29,284)
Finance costs	19	(9,629)	(7,868)
Net loss on impairment of financial instruments and contract assets	20	(471)	(2,182)
Profit/(Loss) before tax	20	6,799	(39,334)
Tax expense	23	(2,092)	(2,892)
Profit/(Loss) and total comprehensive income/(expenses) for the year		4,707	(42,226)
Profit/(Loss) and total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		4,707	(42,204)
Non-controlling interests		-	(22)
Profit/(Loss) and total comprehensive income/(expense) for the year		4,707	(42,226)
Basic and diluted earnings/(loss) per ordinary share (sen)	24	1.55	(13.89)

The notes on pages 111 to 186 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	ATTRIBUTABLE TO OWNERS OF THE COMPANY				
	NON-DISTRIBUTABLE SHARE CAPITAL RM'000	*DISTRIBUTABLE* RETAINED EARNINGS RM'000	TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 January 2018	331,020	169,846	500,866	22	500,888
Loss and total comprehensive expense for the year	-	(42,204)	(42,204)	(22)	(42,226)
At 31 December 2018 / 1 January 2019	331,020	127,642	458,662	-	458,662
Profit and total comprehensive income for the year	-	4,707	4,707	-	4,707
At 31 December 2019	331,020	132,349	463,369	-	463,369
	Note 14				

The notes on pages 111 to 186 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	NOTE	2019 RM'000	2018 RM'000
Cash flows from operating activities			
Profit/(Loss) before tax		6,799	(39,334)
Adjustments for:			
Depreciation of property, plant and equipment	3	9,801	10,248
Property, plant and equipment written off		5	95
Gain on disposal of property, plant and equipment		(801)	(129)
Interest income		(1,670)	(1,528)
Interest expense		9,629	7,868
Impairment loss on property, plant and equipment		6,710	-
Change in fair value of investment properties		(4,180)	(2,395)
Operating profit/(loss) before working capital changes		26,293	(25,175)
Changes in working capital:			
Contract assets		(5,910)	15,896
Trade and other receivables		3,566	(10,442)
Inventories		4,142	(3,059)
Trade and other payables		28,970	(13,924)
Contract liabilities		(7,706)	15,188
Contract costs		(101)	(120)
Cash generated from/(used in) from operations		49,254	(21,636)
Interest paid		(9,629)	(7,868)
Income taxes refund/(paid)		5,264	(2,995)
Net cash from/(used in) operating activities		44,889	(32,499)
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	(5,010)	(9,720)
Purchase of investment properties	4	(12,889)	-
Proceeds from disposal of property, plant and equipment		989	239
Proceeds from disposal of other investments		10,741	-
Purchase of other investments		-	(13,083)
Interest income received		1,670	1,528
Net cash used in investing activities		(4,499)	(21,036)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 31 December 2019

	NOTE	2019 RM'000	2018 RM'000
Cash flows from financing activities			
Drawdown of loans	B	20,000	55
Repayment of loans	B	(36,883)	(5,650)
Movement of other borrowings	B	1,986	2,683
Replacement of lease liabilities/finance lease liabilities	B	(2,775)	(3,312)
Placement of pledged deposits		(3,463)	(501)
Net cash used in financing activities		(21,135)	(6,725)
Net increase/(decrease) in cash and cash equivalents		19,255	(60,260)
Cash and cash equivalents at beginning of year		34,249	94,509
Cash and cash equivalents at end of year	A	53,504	34,249

Note

A. Cash and cash equivalents

	2019 RM'000	2018 RM'000
Cash and bank balances	57,133	42,878
Deposits placed with licensed banks	18,475	17,388
Less: Deposits pledged	(9,983)	(6,520)
Bank overdrafts	(12,121)	(19,497)
	53,504	34,249

Note (continued)

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

	AT 1 JANUARY 2018 RM'000	DRAWDOWN DURING THE YEAR # RM'000	REPAYMENT DURING THE YEAR RM'000	AT 31 DECEMBER 2018/ 1 JANUARY 2019 RM'000	DRAWDOWN DURING THE YEAR # RM'000	REPAYMENT DURING THE YEAR RM'000	AT 31 DECEMBER 2019 RM'000
Term loans & SUKUK	94,973	55	(5,650)	89,378	20,000	(36,883)	72,495
Lease liabilities/Finance lease liabilities	8,153	1,349	(3,312)	6,190	-	(2,775)	3,415
Revolving credits	34,800	7,200	(4,000)	38,000	6,093	(2,093)	42,000
Banker acceptances	4,103	-	(517)	3,586	-	(2,014)	1,572
Total loan and borrowings	142,029	8,604	(13,479)	137,154	26,093	(43,765)	119,482

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

STATEMENT OF FINANCIAL POSITION

as at 31 December 2019

	NOTE	2019 RM'000	2018 RM'000
Assets			
Property, plant and equipment	3	13,517	14,713
Investment properties	4	16,356	16,356
Investment in subsidiaries	5	115,339	115,683
Inventories	6	217,602	217,602
Total non-current assets		362,814	364,354
Inventories	6	2,055	4,671
Trade and other receivables	10	5,177	21,133
Current tax assets		21	106
Other investments	7	2,653	13,394
Cash and bank balances	12	5,731	3,602
Total current assets		15,637	42,906
Total assets		378,451	407,260
Equity			
Share capital	14	331,020	331,020
Retained earnings		9,137	16,661
Total equity		340,157	347,681
Loans and borrowings	15	30,057	50,138
Trade and other payables	16	7,425	8,342
Total current liabilities		37,482	58,480
Deferred tax liability	8	739	842
Loans and borrowings	15	73	257
Total non-current liabilities		812	1,099
Total liabilities		38,294	59,579
Total equity and liabilities		378,451	407,260

The notes on pages 111 to 186 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

	NOTE	2019 RM'000	2018 RM'000
Revenue	17	15,793	30,880
Cost of sales	18	(3,520)	(3,466)
Gross profit		12,273	27,414
Distribution expenses		(601)	(864)
Administrative expenses		(10,544)	(11,690)
Other operating income		4,141	2,060
Other operating expenses		(10,432)	(5,038)
Results from operating activities		(5,163)	11,882
Finance costs	19	(1,763)	(63)
Net loss on impairment of financial instruments and contract assets	20	(701)	(925)
(Loss)/Profit before tax	20	(7,627)	10,894
Tax expense	23	103	(421)
(Loss)/Profit and total comprehensive (expense)/income for the year		(7,524)	10,473

The notes on pages 111 to 186 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

	NON-DISTRIBUTABLE SHARE CAPITAL RM'000	*DISTRIBUTABLE* RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
At 1 January 2018	331,020	6,188	337,208
Profit and total comprehensive income for the year	-	10,473	10,473
At 31 December 2018 / 1 January 2019	331,020	16,661	347,681
Loss and total comprehensive expense for the year	-	(7,524)	(7,524)
At 31 December 2019	331,020	9,137	340,157
	Note 14		

The notes on pages 111 to 186 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

	NOTE	2019 RM'000	2018 RM'000
Cash flows from operating activities			
(Loss)/Profit before tax		(7,627)	10,894
Adjustments for:			
Depreciation of property, plant and equipment	3	1,101	1,454
Gain on disposal of property, plant and equipment		(137)	(98)
Dividend income		(8,000)	(23,000)
Interest income		(2,823)	(308)
Interest expense		1,763	63
Property, plant and equipment written off		-	52
Impairment loss on investment in subsidiaries		8,825	4,016
Operating loss before working capital changes		(6,898)	(6,927)
Changes in working capital:			
Inventories		2,616	(1,724)
Trade and other receivables		15,956	6,535
Trade and other payables		(917)	(1,788)
Cash generated from/(used in) operations		10,757	(3,904)
Interest paid		(1,763)	(63)
Taxes refund		85	55
Dividend received		8,000	23,000
Net cash from operating activities		17,079	19,088
Cash flows from investing activities			
Purchase of property, plant and equipment	3.1	(73)	(204)
Proceeds from disposal of plant and equipment		305	196
Proceeds from disposal of other investments		10,741	-
Purchase of other investments		-	(13,083)
Interest income received		2,823	308
Advances to subsidiaries		(8,481)	(9,789)
Net cash from/(used in) investing activities		5,315	(22,572)

STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 31 December 2019

	NOTE	2019 RM'000	2018 RM'000
Cash flows from financing activities			
Repayment of lease liabilities/finance lease liabilities	A	(265)	(138)
Repayment of SUKUK	A	(20,000)	-
Net cash used in financing activities		(20,265)	(138)
Net increase/(decrease) in cash and bank balances		2,129	(3,622)
Cash and bank balances at beginning of year		3,602	7,224
Cash and bank balances at end of year	12	5,731	3,602

Note

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

	AT 1 JANUARY 2018 RM'000	REPAYMENT DURING THE YEAR RM'000	AT 31 DECEMBER 2018/ 1 JANUARY 2019 RM'000	REPAYMENT DURING THE YEAR RM'000	AT 31 DECEMBER 2019 RM'000
SUKUK	50,000	-	50,000	(20,000)	30,000
Lease liabilities/Finance lease liabilities	533	(138)	395	(265)	130
Total loan and borrowings	50,533	(138)	50,395	(20,265)	30,130

The notes on pages 111 to 186 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 2019 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 2019 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.

These financial statements were approved by the Board of Directors on 17 May 2020.

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.

The following are accounting standards, interpretations and amendments 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 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
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform

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 1 January 2022
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

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.

(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.

(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 4 Valuation of investment properties
- Note 5 Impairment of investment in subsidiaries
- Note 17 Revenue from sales of properties under construction

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, Leases, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. However, there are no material impact arising from the adoption of MFRS 16 on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iv) 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.

(v) 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.

(vi) 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.

(b) Financial instruments

(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.

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.

(ii) Financial instrument categories and subsequent measurement

Financial assets

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Financial instruments (continued)

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

Financial assets (continued)

(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(k)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. 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 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 are subject to impairment assessment (see Note 2(k)(i)).

Financial liabilities

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) 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.

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.

(iv) 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.

(v) 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.

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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.

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 or the Company, 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. Freehold land and golf course are not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

Leasehold land	80 years
Office buildings, club house, chalets and others	10 - 50 years
Estate development expenditure	10 years
Plant and machinery and site equipment	5 - 10 years
Furniture and fittings, electrical installations and office equipment	4 - 5 years
Renovation	5 years
Motor vehicles	5 years

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, Leases and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

Current financial year (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

Current financial year (continued)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was 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 was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was 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 were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as 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 (continued)

Previous financial year (continued)

As a lessee (continued)

(ii) Operating lease

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

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

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

(e) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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.

Investment properties which are owned are measured initially at cost. 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. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured 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.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected form 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment property (continued)

(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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Non-current asset held for sale

Non-current assets comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative, impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

(h) 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 (k)(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.

(i) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(k) Impairment

(i) Financial assets

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(i) Financial assets (continued)

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.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets deferred tax assets, investment properties and non-current assets held for sale 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(ii) Other assets (continued)

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.

(l) 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.

(m) 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.

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.

(n) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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 29.

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)

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.

In respect of a completed development property where the Group has no enforceable right to payment until the control of the property is transferred to the customer, revenue is recognised at a point in time when the control is transferred to the customer. Revenue is measured at the transaction price agreed under the contract.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Revenue and other income (continued)

(i) Revenue (continued)

Road building and quarry segments

Revenue from road building is recognised over time using the cost incurred method.

Revenue from sand quarry and premix aggregate are 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.

Oil palm fresh fruit brunches

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.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Borrowing costs (continued)

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) 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(e), 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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.

(s) 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 Chief Executive Director/ Chief Operating Officer/ Chief Financial Officer 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.

(t) 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.

(u) 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
Group						
Cost						
At 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)
Written off	-	-	(452)	(4)	-	(456)
At 31 December 2018/ 1 January 2019	85,386	64,757	19,292	13,877	619	183,931
Additions	1,194	401	1,169	-	2,246	5,010
Disposals	-	(2,286)	(67)	(1,337)	-	(3,690)
Written off	(1)	(51)	(26)	-	-	(78)
Reclassification	620	-	-	-	(620)	-
At 31 December 2019	87,199	62,821	20,368	12,540	2,245	185,173
Accumulated depreciation and impairment loss						
At 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)
Writen off	-	-	(357)	(4)	-	(361)
At 31 December 2018/ 1 January 2019	15,569	45,375	13,133	10,535	-	84,612
Depreciation charge for the year	2,229	3,490	2,397	1,685	-	9,801
Disposals	-	(2,270)	(64)	(1,168)	-	(3,502)
Impairment loss	6,237	-	473	-	-	6,710
Written off	(1)	(51)	(21)	-	-	(73)
At 31 December 2019						
Accumulated depreciation	17,797	46,544	15,445	11,052	-	90,838
Accumulated impairment loss	6,237	-	473	-	-	6,710
	24,034	46,544	15,918	11,052	-	97,548

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
Group						
Carrying amounts						
At 1 January 2018	65,544	20,412	7,473	4,939	335	98,703
At 31 December 2018/ 1 January 2019	69,817	19,382	6,159	3,342	619	99,319
At 31 December 2019	63,165	16,277	4,450	1,488	2,245	87,625

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
Group							
Cost							
At 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/ 1 January 2019	9,595	6,316	28,669	9,606	30,339	861	85,386
Additions	-	-	913	-	281	-	1,194
Written off	-	-	-	-	(1)	-	(1)
Reclassification	-	-	-	-	620	-	620
At 31 December 2019	9,595	6,316	29,582	9,606	31,239	861	87,199

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (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
Group							
Accumulated depreciation and impairment loss							
At 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 January 2019	-	1,291	5,160	-	8,257	861	15,569
Depreciation charge for the year	-	79	1,073	-	1,077	-	2,229
Impairment loss	-	-	6,237	-	-	-	6,237
Written off	-	-	-	-	(1)	-	(1)
At 31 December 2019							
Accumulated depreciation	-	1,370	6,233	-	9,333	861	17,797
Accumulated impairment loss	-	-	6,237	-	-	-	6,237
	-	1,370	12,470	-	9,333	861	24,034
Carrying amounts							
At 1 January 2018	8,905	5,104	23,670	9,606	18,259	-	65,544
At 31 December 2018/ 1 January 2019	9,595	5,025	23,509	9,606	22,082	-	69,817
At 31 December 2019	9,595	4,946	17,112	9,606	21,906	-	63,165

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
Company							
Cost							
At 1 January 2018	6,000	11,458	861	3,343	6,415	1,452	29,529
Additions	-	-	-	65	139	-	204
Disposals	-	-	-	-	(943)	(349)	(1,292)
Written off	-	-	-	-	(326)	-	(326)
At 31 December 2018/ 1 January 2019	6,000	11,458	861	3,408	5,285	1,103	28,115
Additions	-	-	-	-	73	-	73
Disposals	-	-	-	-	(2)	(459)	(461)
Written off	-	-	-	-	(1)	-	(1)
At 31 December 2019	6,000	11,458	861	3,408	5,355	644	27,726
Accumulated depreciation							
At 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 January 2019	1,237	3,438	861	3,344	3,906	616	13,402
Depreciation charge for the year	75	229	-	6	612	179	1,101
Disposals	-	-	-	-	(2)	(291)	(293)
Written off	-	-	-	-	(1)	-	(1)
At 31 December 2019	1,312	3,667	861	3,350	4,515	504	14,209

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
Company							
Carrying amounts							
At 1 January 2018	4,838	8,249	-	-	2,266	760	16,113
At 31 December 2018/ 1 January 2019	4,763	8,020	-	64	1,379	487	14,713
At 31 December 2019	4,688	7,791	-	58	840	140	13,517

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:

	2019 RM'000	2018 RM'000
Group		
Finance lease	-	1,349
Cash and cash equivalents	5,010	9,720
	5,010	11,069
Company		
Cash and cash equivalents	73	204

Included in the carrying amount of property, plant and equipment are the following assets acquired under finance lease arrangement:

	2019 RM'000	2018 RM'000
Group		
Plant and machinery	6,861	9,412
Motor vehicles	346	1,671
	7,207	11,083

Details of the finance lease arrangements are disclosed in Note 15.2.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.2 Fully depreciated assets

Included in property, plant and equipment of the Group and of the Company are fully depreciated assets which are still in use costing RM39,430,000 (2018 : RM37,560,000) and RM1,117,000 (2018 : RM930,000) respectively.

4. INVESTMENT PROPERTIES

	FREEHOLD LAND RM'000	LEASEHOLD LAND RM'000	ASSETS UNDER CONSTRUCTION RM'000	BUILDING RM'000	TOTAL RM'000
Group					
At fair value					
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 2018/1 January 2019	21,812	16,600	2,148	-	40,560
Additions	1,680	-	11,209	-	12,889
Transfer from inventories (Note 6.1)	3,658	-	-	-	3,658
Reclassification	-	-	(13,357)	13,357	-
Change in fair value recognised in profit or loss	5,892	1,175	-	(2,887)	4,180
At 31 December 2019	33,042	17,775	-	10,470	61,287

	FREEHOLD LAND RM'000	BUILDING RM'000	TOTAL RM'000
Company			
At 1 January 2018/31 December 2018/ 1 January 2019/31 December 2019	2,326	14,030	16,356

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. INVESTMENT PROPERTIES (CONTINUED)

4.1 The following are recognised in profit or loss:

	2019 RM'000	2018 RM'000
Group		
Direct operating expenses:		
- non-income generating investment property	2,420	2,183
Company		
Rental income	120	120
Direct operating expenses:		
- income generating investment property	12	16

4.2 Security

Investment properties of the Group with carrying amount of RM50,817,000 (2018: RM38,412,000) are pledged as security for borrowing (Note 15.1).

4.3 Operating lease payments receivable

The operating lease payments to be received are as follows:

	2019 RM'000
Group	
Less than one year	133
One to two years	185
Two to three years	185
Three to four years	299
Four to five years	299
More than five years	4,809
Total undiscounted lease payments	5,910

There was no operating lease payment receivable identified in 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. INVESTMENT PROPERTIES (CONTINUED)

4.4 Fair value information

Investment property of the Group comprises undeveloped land located at Langkawi and Axis Commercial Hub. 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.

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).

4.5 Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation companies provide the fair value of the Group's investment properties every twelve months. Changes in Level 3 fair values are analysed by the management every twelve months after obtaining valuation reports from the valuation companies.

4.6 Highest and best use

The Group's and the Company's investment properties are currently valued at their highest and best use. The investment properties are situated within sizeable populations.

5. INVESTMENT IN SUBSIDIARIES - COMPANY

	2019 RM'000	2018 RM'000
Unquoted shares, at cost	78,325	78,325
Accumulated impairment losses	(13,941)	(5,116)
	64,384	73,209
Advances to subsidiaries*	50,955	42,474
	115,339	115,683

* 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. INVESTMENT IN SUBSIDIARIES - COMPANY (CONTINUED)

5.1 The details of the subsidiaries are as follows:

NAME OF SUBSIDIARIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EFFECTIVE OWNERSHIP INTEREST AND VOTING INTEREST	
			2019 %	2018 %
BDB Land Sdn. Bhd. (BDB Land)*	Malaysia	Property development, investment holding and project management services	100	100
BDB Synergy Sdn. Bhd.	Malaysia	Building and general contractor	100	100
BDB Infra Sdn. Bhd.	Malaysia	Granite quarry operator and civil engineering contractor	100	100
Kedah Holdings Sdn. Bhd.*	Malaysia	Property development and property investment	100	100
BDB Construction Sdn. Bhd.	Malaysia	Dormant	100	100
BDBMBI Langkawi Ventures Sdn. Bhd. (formally known as BDB Ventures Sdn. Bhd.)*	Malaysia	Granite quarry operator and construction material supplier	100	100
BDB Hotels Sdn. Bhd.*	Malaysia	Dormant	100	100
BDB Trading Sdn. Bhd.	Malaysia	Struck off on 26 March 2019	-	100
Aman Lagenda Sdn. Bhd.*	Malaysia	Property investment	100	100
BDB I Holdings Berhad*#	Malaysia	Dormant	100	100
BDB Leisure Sdn. Bhd. (formally known as BDB Leisures Sdn. Bhd.)*	Malaysia	Water theme park operator	100	100
Subsidiary of BDB Land				
BDB Darulaman Golf Resort Berhad (BDGRB)*^	Malaysia	Golf resort owner and operator	99	99

* The Company has provided financial support to these subsidiaries.

^ 52,218 ordinary shares are equivalent to 99% and are held by a subsidiary 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 has material non-controlling interests ("NCI") is as follows:

	2019 RM'000	2018 RM'000
NCI percentage of ownership interest and voting interest - BDGRB	1%	1%
Carrying amount of NCI	-	-
Loss allocated to NCI	-	22
Summarised financial information before intra-group elimination:		
As at 31 December		
Non-current assets	14,149	14,664
Current assets	1,074	943
Non-current liabilities	(447)	(261)
Current liabilities	(17,440)	(16,059)
Net liabilities	(2,664)	(713)
Year ended 31 December		
Revenue	5,351	6,118
Loss and total comprehensive expense for the year	1,951	2,440
Cash flows from operating activities	195	859
Cash flows used in investing activities	(28)	(654)
Cash flows used in financing activities	(390)	(288)
Net decrease in cash and cash equivalents	(223)	(83)
Dividend paid to NCI	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. INVENTORIES

	NOTE	2019 RM'000	2018 RM'000
Group			
Non-current			
Land held for property development	6.1	326,913	353,810
Current			
At cost:			
Properties held for sale	6.3	32,117	45,781
Consumables and spares		1,476	4,845
Building materials		4,680	2,255
		38,273	52,881
Property development costs	6.2	31,045	18,972
		69,318	71,853
Company			
Non-current			
Land held for property development	6.1	217,602	217,602
Current			
At cost:			
Properties held for sale		2,055	4,671

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
Group			
At 1 January 2018	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 2018/1 January 2019	299,645	54,165	353,810
Additions (Note 6.1.4)	20,678	-	20,678
Transferred to property development costs (Note 6.2)	(3,140)	-	(3,140)
Transfer to investment properties (Note 4)	(3,658)	-	(3,658)
Disposals of development land	(19,145)	-	(19,145)
Transfer to assets held for sale (Note 13)	(21,632)	-	(21,632)
At 31 December 2019	272,748	54,165	326,913
Company			
At 1 January 2018	161,176	52,250	213,426
Additions	-	4,176	4,176
At 31 December 2018/1 January 2019/31 December 2019	161,176	56,426	217,602

6.1.1 Other outgoing costs

Included in land held for property development of the Group and of the Company are amount of RM88,153,000 (2018 : RM102,222,000) and RM11,076,000 (2018 : RM11,076,000) respectively representing other outgoing cost incurred.

6.1.2 Security

Freehold land of the Group with carrying amount of RM29,688,504 (2018: RM29,957,000) are pledged as security for borrowings (Note 15.1).

6.1.3 Profit sharing arrangement

Included in land held for property development is an amount of RM385,000 (2018: RM6,958,000) representing freehold land and development expenditure incurred for a profit sharing project.

The profit sharing arrangement 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 profit sharing project is to be shared at the following proportion by the two parties and are payable on percentage of completion basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. INVENTORIES (CONTINUED)

6.1 Land held for property development (continued)

6.1.3 Profit sharing arrangement (continued)

	2019	2018
The Group	80%	80%
Ultimate holding company	20%	20%

Losses, if any, from the profit sharing project will be borne by the Group.

Contingent liabilities from the profit sharing arrangement may arise due to the possible obligation on profit sharing from the land held for development.

6.1.4 Additions cost incurred during the year

Included in additions incurred during the year are the following costs:

	2019 RM'000	2018 RM'000
Interest expense (Note 19)	-	261

6.2 Property development costs - Group

	2019 RM'000	2018 RM'000
At 1 January		
Land	7,180	508
Development costs	11,792	55,323
	18,972	55,831
Add:		
Development costs incurred during the year (Note 6.2.1)	58,772	13,917
Transferred from land held for property development (Note 6.1)	3,140	6,579
	61,912	20,496
Less:		
Transferred to properties held for sale	(7,816)	(32,836)
Cost transferred to cost to fulfil contract (Note 9.2)	(42,023)	(24,519)
	(49,839)	(57,355)
At 31 December *	31,045	18,972
* This amount comprises:		
Freehold land	7,117	7,180
Development costs	23,928	11,792
	31,045	18,972

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. INVENTORIES (CONTINUED)

6.2 Property development costs - Group (continued)

6.2.1 Development costs incurred during the year

Included in the development costs incurred during the year are the following costs:

	2019 RM'000	2018 RM'000
Interest expense (Note 19)	-	3,301

6.2.2 Security

The freehold land with carrying amount of RM7,023,000 (2018 : RM7,023,000) are pledged on security for borrowings (Note 15.1).

6.3 Properties held for sale

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM21,480,000 (2018 : RM42,864,000).

7. OTHER INVESTMENTS

	2019 RM'000	2018 RM'000
Group		
Financial assets at fair value through profit or loss		
- non-current	135	135
- current	2,653	13,394
	2,788	13,529
Company		
Current		
Financial assets at fair value through profit or loss		
- current	2,653	13,394

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Group						
Property, plant and equipment - capital allowances	-	-	(1,166)	(1,314)	(1,166)	(1,314)
Other temporary differences	1,112	704	-	-	1,112	704
Real Property Gain Tax (RPGT) on changes in fair value of investment property	-	-	(453)	(203)	(453)	(203)
Tax assets/(liabilities)	1,112	704	(1,619)	(1,517)	(507)	(813)
Set-off of tax	(1,112)	(704)	1,112	704	-	-
	-	-	(507)	(813)	(507)	(813)
Company						
RPGT on changes in fair value of investment property	-	-	(842)	(842)	(842)	(842)
Other temporary differences	103	-	-	-	103	-
	103	-	(842)	(842)	(739)	(842)

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 2018 RM'000	CHARGED TO PROFIT OR LOSS (NOTE 23) RM'000	AT 31 DECEMBER 2018/ 1 JANUARY 2019 RM'000	CHARGED TO PROFIT OR LOSS (NOTE 23) RM'000	AT 31 DECEMBER 2019 RM'000
Group					
Property, plant and equipment -capital allowances	(2,888)	1,574	(1,314)	148	(1,166)
Other temporary differences	3,078	(2,374)	704	408	1,112
RPGT on changes in fair value of investment property	(101)	(102)	(203)	(250)	(453)
	89	(902)	(813)	306	(507)
Company					
RPGT on changes in fair value of investment property	(421)	(421)	(842)	-	(842)
Other temporary differences	-	-	-	103	103
	(421)	(421)	(842)	103	(739)

Unrecognised deferred tax assets

No deferred tax assets have been recognised for the following items (stated at gross):

	2019 RM'000	2018 RM'000
Group		
Unutilised tax losses	65,239	75,625
Unabsorbed capital allowances	20,418	17,485
Other temporary differences	11,689	10,446
	97,346	103,556
Company		
Unutilised tax losses	24,034	17,978
Unabsorbed capital allowances	3,763	3,507
Other temporary differences	9,076	7,310
	36,873	28,795

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The unutilised tax losses will be expired in year of assessments under the tax legislation of Malaysia as shown below:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unutilised tax losses				
- Expire in YA2025	65,239	75,625	17,978	17,978
- Expire in YA2026	-	-	6,056	-
	65,239	75,625	24,034	17,978

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)

	2019 RM'000	2018 RM'000
Contract assets	17,196	11,286
Contract liabilities	(10,191)	(17,897)

Significant changes to contract assets and contract liabilities balances during the period are as follows:

	2019 RM'000	2018 RM'000
Contract liabilities at the beginning of the period recognised as revenue	6,611	2,709

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. CONTRACT WITH CUSTOMERS - GROUP (CONTINUED)

9.1 Contract assets/(liabilities) (continued)

	2019 RM'000	2018 RM'000
Opening balance	(6,611)	24,473
Revenue recognised as a result of changes in the measure of progress	152,897	91,014
Decrease due to progress billings raised during the year	(139,281)	(122,098)
Closing balance	7,005	(6,611)
Represented by:		
Contract assets	17,196	11,286
Contract liabilities	(10,191)	(17,897)
	7,005	(6,611)

The cost incurred to date on construction contracts included the following charges made during the financial year:

	2019 RM'000	2018 RM'000
Rental of premises	-	20
Interest expense (Note 19)	-	7
Staff costs	4,022	4,823

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

	2019 RM'000	2018 RM'000
Cost to fulfil a contract		
Opening balance	131	11
Transfer from property development costs (Note 6.2)	42,023	24,519
Costs charged to profit or loss	(41,922)	(24,399)
Closing balance	232	131

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. TRADE AND OTHER RECEIVABLES

	NOTE	2019 RM'000	2018 RM'000
Group			
Trade			
Third parties		61,970	66,740
Amount due from ultimate holding company	10.1	730	3,558
		62,700	70,298
Less : Allowance for impairment		(3,250)	(3,452)
		59,450	66,846
Retention sums		9,469	9,081
Less : Allowance for impairment		(441)	(441)
		9,028	8,640
		68,478	75,486
Non-trade			
Amount due from ultimate holding company	10.1	12	12
Prepayments		813	1,110
Refundable deposits		2,597	5,112
Other receivables		8,636	2,588
		12,058	8,822
Less : Allowance for impairment			
- third parties		(464)	(670)
		11,594	8,152
		80,072	83,638

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	NOTE	2019 RM'000	2018 RM'000
Company			
Trade			
Third parties		51	796
Less : Allowance for impairment		-	(434)
		51	362
Non-trade			
Amount due from subsidiaries	10.2	12,466	26,501
Prepayments		95	309
Refundable deposits		250	392
Other receivables		290	409
		13,101	27,611
Less : Allowance for impairment on subsidiaries		(7,975)	(6,840)
		5,126	20,771
		5,177	21,133

10.1 Amounts due from ultimate holding company

The trade amount due from ultimate holding company is unsecured and subject to normal trade terms. The non-trade amount due from ultimate holding company is unsecured, interest-free and repayable on demand.

10.2 Amount due from subsidiaries

The non-trade amount due from subsidiaries are unsecured, interest-free and repayable on demand.

11. DEPOSITS WITH LICENSED BANKS - GROUP

	2019 RM'000	2018 RM'000
Aged more than 3 months	8,340	6,859
Aged within 3 months	10,135	10,529
	18,475	17,388

Deposits placed with the licensed banks which are government-related entities amounted to RM16,157,000 (2018: RM10,253,000).

Deposits of the Group amounted to RM9,983,000 (2018 : RM6,520,000) are pledged for bank facilities granted to the Group (Note 15.1).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are amounts of RM8,062,000 (2018: RM7,674,000), 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 RM39,216,000 (2018 : RM36,560,000) and RM5,728,000 (2018 : RM3,408,000) respectively.

13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE - GROUP

Part of the development land is presented as asset held for sale following the commitment of the Group's management to a plan to sell portion of the land. Efforts to sell the disposal development land have commence. The sale of the land is expected to happen in financial year 2020.

The details of the non-current assets held for sale for the financial year ended 31 December 2019 are as follows:

	2019 RM'000
At beginning of the year	-
Transfer from Inventories - land held for property development (Note 6)	21,632
At end of the year	21,632

The carrying value of the land held for property development is the same as its carrying value before it was being reclassified to current asset.

14. SHARE CAPITAL - GROUP AND COMPANY

	2019		2018	
	AMOUNT RM'000	NUMBER OF SHARES	AMOUNT RM'000	NUMBER OF SHARES
Issued and paid-up ordinary shares with no par value				
At beginning/end of year	331,020	303,855	331,020	303,855

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS

	NOTE	2019 RM'000	2018 RM'000
Group			
Current			
Secured:			
Term loan 1	15.1	5,885	4,490
Term loan 2	15.1	1,970	3,970
Term loan 3	15.1	7,089	-
Bankers' acceptances	15.1	1,572	3,586
Unsecured:			
Bank overdrafts		12,121	19,497
Revolving credit	15.1	42,000	38,000
Islamic commercial papers-Sukuk Wakalah Programme (SUKUK)	15.1	30,000	50,000
Lease liabilities		1,807	-
Finance lease liabilities	15.2	-	2,672
		102,444	122,215
Non-current			
Secured:			
Term loans:			
Term loan 1	15.1	18,212	21,109
Term loan 2	15.1	9,339	9,809
Lease liabilities		1,608	-
Finance lease liabilities	15.2	-	3,518
		29,159	34,436
		131,603	156,651
Company			
Current			
Islamic commercial papers-Sukuk Wakalah Programme (SUKUK)	15.1	30,000	50,000
Lease liabilities		57	-
Finance lease liabilities	15.2	-	138
		30,057	50,138
Non-current			
Lease liabilities		73	-
Finance lease liabilities	15.2	-	257
		30,130	50,395

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15. LOANS AND BORROWINGS (CONTINUED)

15.1 Security

Term loan 1

Term loan 1 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 land as disclosed in Note 4.2; and
(b) corporate guarantee by the Company of RM25.6 million.

Term loan 2

Term loan 2 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 land held 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 3

Term loan 3 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 land held for development as disclosed in Note 6.1.2; and
(b) corporate guarantee by the Company of RM280 million.

Islamic Commercial Papers – Sukuk Wakalah Programme (SUKUK)

The unsecured Islamic Commercial Papers bear interest rates at 5.25% (2018 : 4.60% to 4.72%) per annum.

Bankers' acceptances

Bankers' acceptances which bear interest rate at 3.80% (2018: 3.80%) per annum were related to facility from OCBC Al-Amin Bank Berhad for working capital purposes and was secured by cash deposits (Note 11) and a corporate guarantee from the Company.

Revolving credit

Revolving credit which bears interest rate at 5.65% (2018: 5.65%) per annum 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 :

	2018		
	FUTURE MINIMUM LEASE PAYMENTS RM'000	INTEREST RM'000	PRESENT VALUE OF MINIMUM LEASE PAYMENTS RM'000
Group			
Less than 1 year	2,986	314	2,672
Between 1 and 5 years	3,786	268	3,518
	6,772	582	6,190
Company			
Less than 1 year	161	23	138
Between 1 and 5 years	299	42	257
	460	65	395

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. TRADE AND OTHER PAYABLES

	NOTE	2019 RM'000	2018 RM'000
Group			
Trade			
Trade payables		94,769	87,202
Amount due to ultimate holding company	16.1	2,529	137
		97,298	87,339
Non-trade			
Other payables and accruals	16.2	36,638	21,905
Refundable deposits		584	793
Amount due to related companies	16.3	5,437	950
		42,659	23,648
		139,957	110,987
Company			
Non-trade			
Other payables and accruals	16.2	6,026	6,243
Refundable deposits		269	470
Amount due to related companies	16.3	1,130	1,629
		7,425	8,342
		7,425	8,342

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 of the Company is an amount of RM4,125,000 (2018: RM4,125,000) payable to ultimate holding company for acquisition of land in 2015. The amount is unsecured, interest-free and repayable on demand.

16.3 Amount due to related companies

The non-trade amount due to related companies is unsecured, interest-free and payable on demand.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. REVENUE

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contract customers				
Over time				
- Sales of development properties	52,387	27,390	-	-
- Revenue from construction contracts	48,510	63,624	-	-
	100,897	91,014	-	-
At a point in time				
- Sales of completed properties and land	73,728	16,569	3,065	2,812
- Revenue from sand quarry, road paving and premix aggregate	63,684	84,392	-	-
- Revenue from water theme park, golf resort and hotel operations	8,525	9,564	-	-
- Sales of oil palm fresh fruit bunches	1,178	1,657	1,095	1,435
	147,115	112,182	4,160	4,247
	248,012	203,196	4,160	4,247
Other revenue				
Management fees from subsidiaries	-	-	3,633	3,633
Dividend income from subsidiaries	-	-	8,000	23,000
Others	208	194	-	-
	208	194	11,633	26,633
	248,220	203,390	15,793	30,880

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.

	2020 RM'000
Group	
2019	
Sales of development properties and land	35,590
Revenue from sand quarry, road paving and premix aggregate	15,187
Revenue from construction contracts	144
	50,921

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. REVENUE (CONTINUED)

17.1 Transaction price allocated to the remaining performance obligations

	2019 RM'000	2020 RM'000	TOTAL RM'000
Group			
2018			
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.

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, 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 road paving and 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 1 year 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cost of development properties and land sold	62,971	52,683	2,616	2,452
Sand quarry, road paving and premix aggregate costs	77,361	86,574	-	-
Construction contract costs	45,866	41,734	-	-
Cost of water theme park, golf resort and hotel operations	8,611	9,236	-	-
Cost of oil palm fresh fruit bunches sold	954	1,124	904	1,014
Others	277	277	-	-
	196,040	191,628	3,520	3,466

19. FINANCE COSTS

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expenses	9,629	11,437	1,763	63
Less:				
- land held for property development (Note 6.1.4)	-	(261)	-	-
- property development costs (Note 6.2.1)	-	(3,301)	-	-
- construction contract costs (Note 9.1)	-	(7)	-	-
	9,629	7,868	1,763	63

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
After charging:				
Auditors' remuneration:				
- Statutory audit	350	344	135	135
- Under provision of prior year	6	-	-	-
Non-audit fees				
- KPMG PLT	73	123	8	58
- affiliate of KPMG PLT	74	74	10	17
Depreciation of property, plant and equipment	9,801	10,248	1,101	1,454
Property, plant and equipment written off	5	95	-	52
Expenses relating to short-term leases	155	-	146	-
Expenses relating to leases of low-valued assets	42	-	42	-
Rental expense	-	450	-	243
Impairment loss on:				
- Investment in subsidiaries	-	-	8,825	4,016
- Property, plant and equipment	6,710	-	-	-
Bad debts written off	88	98	88	98
Royalties and tributes	1,393	1,735	-	-
and after crediting:				
Changes in fair value of investment properties	4,180	2,395	-	-
Rental income	895	837	1,164	1,186
Gain on disposal of property, plant and equipment	801	129	137	98
Interest income				
- Other investments	459	130	466	130
- Others	1,211	1,398	2,357	178
Dividend income from subsidiaries	-	-	8,000	23,000
Net loss/(gain) on impairment of financial instruments and contract assets				
Financial assets at amortised cost				
- Trade receivables	471	1,976	(434)	434
- Subsidiaries	-	-	1,135	491
- Other receivables	-	206	-	-
	471	2,182	701	925

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21. EMPLOYEE BENEFITS

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Personnel expense (including key management personnel)				
Wages and salaries	22,069	24,902	4,868	4,568
Social security costs	410	396	54	66
Contributions to employee provident fund	3,273	3,630	671	696
Other benefits	3,825	2,979	995	932
	29,577	31,907	6,588	6,262

22. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive Director:				
Fees	-	7	-	7
Salaries and other emoluments	-	373	-	373
	-	380	-	380
Current Non-Executive Directors:				
Fees	196	180	156	180
Other emoluments	551	702	546	702
	747	882	702	882
Past Non-Executive Directors:				
Fees	-	-	-	-
Other emoluments	-	55	-	55
	-	55	-	55

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The key management personnel compensation are as follows (continued):

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total directors' remuneration	747	1,317	702	1,317
Estimated monetary value of benefits-in-kind	3	11	3	11
Total directors' remuneration including benefits-in-kind	750	1,328	705	1,328
Key management remuneration:				
Salaries and other emoluments	2,324	2,023	1,878	1,443
	3,074	3,351	2,583	2,771

23. TAX EXPENSE

Recognised in profit or loss

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Tax expense	2,092	2,892	(103)	421

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. TAX EXPENSE (CONTINUED)

Major components of income tax expense include:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income tax expense				
- Current year	3,096	2,258	-	-
- Over provision in prior years	(698)	(268)	-	-
	2,398	1,990	-	-
Deferred tax expense				
- Origination and reversal of temporary differences	(62)	104	(103)	421
- (Over)/Under provision in prior years	(244)	798	-	-
	(306)	902	(103)	421
Total tax expense	2,092	2,892	(103)	421

Reconciliation of tax expense

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) before tax	6,799	(39,334)	(7,627)	10,894
Tax calculated using Malaysian tax rate at 24%	1,632	(9,440)	(1,830)	2,615
Non-deductible expenses	2,892	2,138	1,915	2,047
Non-taxable income	-	-	(1,920)	(5,520)
Effect of change in fair value of investment properties *	-	101	-	421
Effect of deferred tax assets not recognised	(1,490)	9,563	1,938	858
(Over)/Under provision in prior years	(942)	530	-	-
Income tax expense recognised in profit or loss	2,092	2,892	(103)	421

* 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 AND DILUTED EARNINGS/(LOSS) PER ORDINARY SHARE

The calculation of basic and diluted earnings/(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	
	2019	2018
Profit/(Loss) for the year attributable to owners (RM'000)	4,707	(42,204)
Number of ordinary shares at 31 December	303,855	303,855
Basic and diluted earnings/(loss) per ordinary share (sen)	1.55	(13.89)

25. COMMITMENTS

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment				
Contracted but not provided for	1,405	1,021	-	21

26. 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.

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:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. RELATED PARTY TRANSACTIONS (CONTINUED)

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Subsidiaries:				
Rental income	-	-	282	375
Dividend income	-	-	8,000	23,000
Management fees	-	-	3,633	3,633
Rendering of services	-	-	85	171
Interest income	-	-	2,357	159
Rental expenses	-	-	134	133
Ultimate holding company:				
Rental of quarry land	100	100	-	-
Tributes charged	608	756	-	-
Acquisition of land	4,632	4,125	-	4,125
Profit sharing on the sale of a development land	4,257	-	-	-
Related party -subsidiaries of ultimate holding company:				
Insurance payable	1,009	3,111	155	652
Medical benefit payable	248	15	-	-
Property management fee payable	44	45	44	45
Revenue from oil palm	1,178	1,627	1,095	1,435
Estate agency fee payable	79	102	79	102
Government-related financial institutions:				
Interest income	1,025	1,003	465	149
Interest expenses	8,347	7,453	1,763	63
State Government-related entities:				
Quit rent and assessment	671	669	124	48
Water expenses	261	233	8	8
Progress billing	46,170	41,610	-	-
Royalties payable	786	979	-	-
Acquisition of land	-	2,374	-	-
Federal Government-related entities:				
Sewerage expenses	69	95	7	8
Electricity expenses	2,484	2,586	167	192
Progress billing	23,330	37,846	-	-

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. FINANCIAL INSTRUMENTS

27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised 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
2019			
Financial assets			
Group			
Other investments	2,788	-	2,788
Trade and other receivables (excluding prepayments)	79,259	79,259	-
Deposits with licensed banks	18,475	18,475	-
Cash and bank balances	57,133	57,133	-
	157,655	154,867	2,788
Company			
Other investments	2,653	-	2,653
Trade and other receivables (excluding prepayments)	5,082	5,082	-
Cash and bank balances	5,731	5,731	-
	13,466	10,813	2,653

	CARRYING AMOUNT RM'000	AC RM'000
Financial liabilities		
Group		
Loans and borrowings (excluding lease liabilities)	128,188	128,188
Trade and other payables	139,957	139,957
	268,145	268,145
Company		
Loans and borrowings (excluding lease liabilities)	30,000	30,000
Trade and other payables	7,425	7,425
	37,425	37,425

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.1 Categories of financial instruments (continued)

	CARRYING AMOUNT RM'000	AC RM'000	FVTPL RM'000
2018			
Financial assets			
Group			
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
Company			
Other investments	13,394	-	13,394
Trade and other receivables (excluding prepayments)	20,824	20,824	-
Cash and bank balances	3,602	3,602	-
	37,820	24,426	13,394

	CARRYING AMOUNT RM'000	AC RM'000
2018		
Financial liabilities		
Group		
Loans and borrowings	156,651	156,651
Trade and other payables	110,987	110,987
	267,638	267,638
Company		
Loans and borrowings	50,395	50,395
Trade and other payables	8,342	8,342
	58,737	58,737

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.2 Net gains and losses arising from financial instruments:

	GROUP		COMPANY	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net gains/(losses) arising on:				
- Fair value through profit or loss	459	130	466	130
- Financial assets at amortised cost	(652)	(882)	1,568	(845)
- Financial liabilities measured at amortised cost	(9,629)	(11,437)	(1,763)	(63)
	(9,822)	(12,189)	271	(778)

27.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk

27.4 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)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 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 42% (31.12.2018 : 71%) 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) which are grouped together as they are expected to have similar risk nature.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

	2019			2018		
	GROSS CARRYING AMOUNT RM'000	LOSS ALLOWANCES RM'000	NET BALANCE RM'000	GROSS CARRYING AMOUNT RM'000	LOSS ALLOWANCES RM'000	NET BALANCE RM'000
Group						
Current (not past due)	49,856	-	49,856	25,618	-	25,618
1 - 30 days past due	11,247	-	11,247	22,349	-	22,349
31 - 60 days past due	6,414	-	6,414	5,367	-	5,367
61 - 90 days past due	2,563	-	2,563	3,545	-	3,545
	70,080	-	70,080	56,879	-	56,879
Credit impaired						
More than 90 days past due	15,594	-	15,594	29,893	-	29,893
Individually impaired	3,691	(3,691)	-	3,893	(3,893)	-
	89,365	(3,691)	85,674	90,665	(3,893)	86,772
Trade receivables	72,169	(3,691)	68,478	79,379	(3,893)	75,486
Contract assets	17,196	-	17,196	11,286	-	11,286
	89,365	(3,691)	85,674	90,665	(3,893)	86,772
Company						
Current (not past due)	51	-	51	362	-	362
More than 90 days past due	-	-	-	434	(434)	-
	51	-	51	796	(434)	362

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 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
Trade receivable credit impaired		
Balance at 1 January 2018	2,161	-
Amount written off	(244)	-
Net remeasurement of loss allowance	1,976	434
Balance at 31 December 2018/1 January 2019	3,893	434
Amount written off	(673)	-
Net remeasurement of loss allowance	471	(434)
Balance at 31 December 2019	3,691	-

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.

The Company determines the probability of default for these loans and advances individually using internal information available.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

Inter company balances (continued)

Recognition and measurement of impairment loss (continued)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

	GROSS CARRYING AMOUNT RM'000	LOSS ALLOWANCES RM'000	NET BALANCE RM'000
Company			
2019			
Low credit risk	55,446	-	55,446
Credit impaired	7,975	(7,975)	-
	63,421	(7,975)	55,446
2018			
Low credit risk	62,135	-	62,135
Credit impaired	6,840	(6,840)	-
	68,975	(6,840)	62,135

The movements in the allowance for impairment losses of inter-company loans and advances during the financial year were:

	2019 RM'000	2018 RM'000
At beginning of year	6,840	6,349
Impairment loss recognised	1,135	491
At end of year	7,975	6,840

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.4 Credit risk (continued)

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.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM98.2 million (2018: RM100.46 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.

27.5 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.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.5 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
2019							
Group							
Non-derivative financial liabilities							
Term loans and SUKUK	72,495	4.50 - 8.60	76,266	47,234	14,324	14,708	-
Revolving credit	42,000	5.65	42,000	42,000	-	-	-
Lease liabilities	3,415	2.39 - 5.10	3,656	1,964	1,238	454	-
Bank overdraft	12,121	6.65	12,121	12,121	-	-	-
Bankers' acceptances	1,572	3.80	1,572	1,572	-	-	-
Trade and other payables	139,957	-	139,957	139,957	-	-	-
	271,560		275,572	244,848	15,562	15,162	-
Company							
Non-derivative financial liabilities							
SUKUK	30,000	4.60 - 4.72	30,000	30,000	-	-	-
Lease liabilities	130	4.66 - 7.42	145	63	61	21	-
Trade and other payables	7,425	-	7,425	7,425	-	-	-
Financial guarantee	-	-	98,200	98,200	-	-	-
	37,555		135,770	135,688	61	21	-

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.5 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
2018							
Group							
Non-derivative financial liabilities							
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	-
Company							
Non-derivative financial liabilities							
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)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.6 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	
	2019 RM'000	2018 RM'000
Fixed rate instrument		
Financial assets		
- Deposits placed with licensed banks	18,475	17,388
Financial liabilities		
- Lease liabilities	3,415	-
- Finance lease liabilities	-	6,190
	3,415	6,190
Floating rate instrument		
Financial liabilities		
- Term loans and SUKUK	72,495	89,378
- Revolving credit	42,000	38,000
- Bank overdraft	12,121	19,497
- Bankers' acceptances	1,572	3,586
	128,188	150,461

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.6 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	COMPANY	
	2019 RM'000	2018 RM'000
Fixed rate instrument		
Financial liabilities		
- Lease liabilities	130	-
- Finance lease liabilities	-	395
	130	395
Floating rate instrument		
Financial liability		
- SUKUK	30,000	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 RM487,000 (2018: RM572,000) and the Company's post-tax profit would have been decreased by RM114,000 (2018: RM190,000). The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

27.7 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.

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.7 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	CARRYING AMOUNT
	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	RM'000	RM'000
Group										
2019										
Financial assets										
Other investments	2,788	-	-	2,788	-	-	-	-	2,788	2,788
Financial liabilities										
Term loans	-	-	-	-	-	-	42,495	42,495	42,495	42,495
2018										
Financial assets										
Other investments	13,529	-	-	13,529	-	-	-	-	13,529	13,529
Financial liabilities										
Term loans	-	-	-	-	-	-	39,378	39,378	39,378	39,378
Financial lease liabilities	-	-	-	-	-	-	6,190	6,190	6,190	6,190
	-	-	-	-	-	-	45,568	45,568	45,568	45,568

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.7 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	CARRYING AMOUNT
	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	RM'000	RM'000
Company										
31.12.2019										
Financial asset										
Other investments	2,653	-	-	2,653	-	-	-	-	2,653	2,653
31.12.2018										
Financial asset										
Other investments	13,394	-	-	13,394	-	-	-	-	13,394	13,394
Financial liability										
Financial lease liabilities	-	-	-	-	-	-	395	395	395	395

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)

27. FINANCIAL INSTRUMENTS (CONTINUED)

27.7 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. (2018 : 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.

28. 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 2019.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. 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 Chief Executive Director/ Chief Operating Officer/ Chief Financial Officer) 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.

29. 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
2019								
Revenue								
External sales	126,115	63,684	48,510	8,525	1,386	248,220	-	248,220
Inter-segment sales	1,875	-	28,528	300	11,633	42,336	(42,336)	-
Total revenue	127,990	63,684	77,038	8,825	13,019	290,556	(42,336)	248,220
Segment profit/(loss)	33,338	7,880	2,142	(10,663)	(7,537)	25,160	(18,361)	6,799
Included in the measure of segment profit are:								
- Finance income	317	78	342	8	3,283	4,028	(2,358)	1,670
- Finance costs	9,251	254	5	26	1,762	11,298	(1,669)	9,629

29. 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
2019								
Assets								
Segment assets	727,346	99,738	84,829	30,171	158,793	1,100,877	(355,250)	745,627
Included in the measure of segment assets is:								
Additions to non-current assets other than financial instruments and deferred tax assets								
- Property, plant and equipment	1,223	2,122	2,490	56	74	5,965	(955)	5,010
- Land held for development	20,678	-	-	-	-	20,678	-	20,678
- Investment properties	12,889	-	-	-	-	12,889	-	12,889
Liabilities								
Segment liabilities	285,722	34,532	45,913	26,552	38,554	431,273	(149,015)	282,258
Other information								
Tax expense	249	1,698	524	3	(103)	2,371	(279)	2,092
Depreciation of property, plant and equipment	1,338	4,881	252	2,321	1,102	9,894	(93)	9,801

29. 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
2018								
Revenue								
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
Segment (loss)/profit	(35,813)	5,620	3,068	(4,652)	10,887	(20,890)	(18,444)	(39,334)
Included in the measure of segment profit are:								
- Finance income	499	136	733	10	309	1,687	(159)	1,528
- Finance costs	7,580	342	-	39	63	8,024	(156)	7,868

29. 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
2018								
Assets								
Segment assets	519,967	105,387	109,969	35,011	184,988	955,322	(210,312)	745,010
Included in the measure of segment assets is:								
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
Liabilities								
Segment liabilities	139,771	41,643	42,265	5,520	57,149	286,348	-	286,348
Other information								
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

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)

29. SEGMENT INFORMATION (CONTINUED)

Major customers

The following are the major customers with revenue equal or more than 10% of the Group's revenue :

	2019 RM'000	2018 RM'000
Customer A	44,954	34,250
Customer B	32,237	42,256
Customer C	48,000	-

30. SUBSEQUENT EVENTS

On 10 February 2020, the Group has secured a RM39.8 million contract from Water, Land and Natural Resources Ministry to undertake construction works under the national non-revenue water programme in Perlis. The contract duration is for 104 weeks until 16 February 2022.

On 9 March 2020, the Group has secured a RM210.0 million contract from Kedah State Government to undertake road maintenance for the period of 3 years in some districts of Kedah.

Implication of Covid-19 to the Group's businesses

Subsequent to 31 December 2019, the World Health Organization declared Covid-19 a pandemic, causing huge impact on people's lives, families, communities and businesses around the world. The Malaysian Government announced Movement Control Order under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 starting from 18 March until 12 May 2020 and has been further extended with Conditional Movement Control Order until 9 June 2020 as measures to mitigate the impact of the virus.

The outbreak has resulted in significant disruption to business operations and a significant increase in economic uncertainty.

The Group and the Company consider this outbreak as non-adjusting post balance sheet event. As the situation continues to be fluid and rapidly evolving, the Group and the Company do not consider it practicable to provide a quantitative estimate of the potential impact of these economic conditions on the Group and the Company.

The impact of this outbreak on the macroeconomic forecast will be incorporated into the Group's and the Company's MFRS 9 estimates of expected credit loss provisions in 2020.

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 100 to 186 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 2019 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 :

…….....…….

Sudirman bin Masduki
Director

…….....…….

Dato' Haji Abdul Rahman bin Abdullah
Director

Alor Setar,

Date : 17 May 2020

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 100 to 186 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 17 May 2020.

…….....……

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

(Registration No. 199501003751 (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 2019 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 100 to 186.

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 2019, 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

KEY AUDIT MATTERS (CONTINUED)

Revenue recognition on the sales of properties under constructions

Refer to the Note 2(o)(i) – Significant accounting policies: Revenue and Note 17 – Revenue.

The key audit matter	How the matter was addressed in our audit
The Group recognises revenue 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 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. We have identified this area as a key audit matter because there is a risk that the actual development costs are different to those estimated resulting in material variance in the amount of revenue recognised to date and in the current period.	Our audit procedures performed in this area included, among others: • Tested the operating effectiveness of Group's controls by checking for evidence of reviews and approvals over estimated development cost, setting budgets and authorising and recording of actual costs incurred; • Checked contracts with customers, on a sample basis, by agreeing to the contracted selling price of the property development units and multiplied with their respective stage of completion; • Compared the architect certificate against stage of completion of certain projects to ascertain the accuracy of the percentage of completion recognised in the profit or loss; • Checked samples from the estimated property development costs of all ongoing projects, allocation of costs and subsequent changes to the costs to supporting documentation such as approved budgets, letter of awards, quotations, correspondences, contracts and variation orders with sub-contractors; and • Agreed samples of costs incurred to date to the respective invoice and/or the respective progress claim, checked that they were allocated to the appropriate construction site, and met the definition of development costs.

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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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 Standards 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with approved standards on auditing in Malaysia and 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.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

OTHER MATTER

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

Penang

Date : 17 May 2020

Tai Yoon Foo
Approval Number : 02948/05/2022 J
Chartered Accountant

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 2019 (RM)
BINA DARULAMAN BERHAD								
1	Lot 120, Section 34, Bandar Alor Setar, Kedah Darul Aman	Land	8,095 sq meter	Leasehold (Expiring 2083)	-	-	2002	4,687,500
2	Lot 120, Section 34, Bandar Alor Setar, Kedah Darul Aman	10-Storey Office Building	8,095 sq meter	Leasehold (Expiring 2083)	13	-	2004	7,791,223
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	40,000,603
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

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 2019 (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	63,068,886
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	48,178,544
	HS (D) 1151, PT 2044 Mukim Ulu Melaka, Langkawi, Kedah Darul Aman	Building	12.26 hectares					
BDB INFRA SDN. BHD.								
1	127 Taman Tunku Hosna Jalan Tanjung Bendahara 05300 Alor Seta 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	1
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 2019 (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
KEDAH HOLDINGS SDN. BHD.								
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 20830	30	-	1984	952,004
2	HS(D) 5573-5642, PT. 4259-4328 Bandar Pokok Sena Daerah Pokok Sena Kedah Darul Aman	Residential Development	7.22 acres	-	-	-	2016	8,686,286
	HS(D) 5496-5527, PT. 4182-4213 HS(D) 5528-5572, PT.4214-4258 HS(D) 5643-5745, PT.4329-4431 HS(D) 5746-5785, PT.4432-4471 HS(D) 5786-5787, PT.4472-4473	Land for Development	25.60 acres					

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 2019 (RM)
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
4	No. Hakmilik 127938 Lot 2541 Pekan Napoh Daerah Kubang Pasu Kedah Darul Aman	Land for Development	13.61 acres	-	-	-	2016	7,113,175
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 42485 Lot 892 Bandar Darulaman Kedah Darul Aman	Agriculture	0.55 acres	Freehold	-	-	1983	1
3	HS (D) 1174 PT 4691 Mukim Naga Kedah Darul Aman	Residential	4.60 acres	Freehold	-	-	1983	1
4	HS (D) 21872 PT 4936 Mukim Naga Kedah Darul Aman	Agriculture	43.71 acres	Freehold	-	-	1983	25,600,000
5	GRN 131746 Lot 1237 Mukim Jitra Kedah Darul Aman	Agriculture	43.12 acres	Freehold	-	-	1983	470,060
6	HSD 22078 PT 5769 Bandar Darulaman Kedah Darul Aman	Agriculture	94.91 acres	Freehold	-	-	1983	1,816,055
7	GRN 518 Lot 440 Mukim Jitra Kedah Darul Aman	Residential	4.92 acres	Freehold	-	-	1983	49,828

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 2019 (RM)
8	GRN 204616 LOT 50000 GRN 204617 LOT 50001 GRN 204618 LOT 50002 GRN 204619 LOT 50003 GRN 204620 LOT 50004 GRN 204621 LOT 50005 Mukim Bandar Darulaman Daerah Kubang Pasu Kedah Darul Aman	Residential	7.20 acres	Freehold	-	-	1983	220,008
9	HS (D) 17302 PT 1453 Mukim Bandar Darulaman Daerah Kubang Pasu Kedah Darul Aman	Building	8.14 acres	Freehold	25	-		5,423,057
10	GRN 42474 Lot 898 Bandar Darulaman Kedah Darul Aman	Agriculture	180 acres	Freehold	-	-	1983	7,153,692
11	HS (D) 3113 PT 2008 HS (D) 3115 PT 2010 HS (D) 3119 PT 2014 HS (D) 3120 PT 2015 Bandar Darulaman Kedah Darul Aman	Residential	1.03 acres	Freehold	-	-	1983	1
12	HS (D) 21973 PT 5663 - HS (D) 21992 PT 5682, HS (D) 21900 PT 5590 - HS (D) 22076 PT 5766 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 Bandar Darulaman Kedah Darul Aman	Residential	35.94 acres	Freehold	-	-	1983	1
13	HS (D) 22095 PT 5779 - HS (D) 22602 PT 6286 Bandar Darulaman Kedah Darul Aman	Residential	35.02 acres	Freehold	-	-	1983	1
14	HS (D) 22090 PT 5774 - HS (D) 22094 PT 5778 HS (D) 22202 PT 5886 - HS (D) 22287 PT 5971 HS (D) 22340 PT 6024 - HS (D) 22544 PT 6228 Bandar Darulaman Kedah Darul Aman	Residential	33.43 acres	Freehold	-	-	1983	1,269,494

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 2019 (RM)
15	HS (D) 384 PT 3993 - HS (D) 390 PT 3999 (Suasana Indah) Plot 42 - Plot 48 Mukim Naga Kedah Darul Aman	Residential	0.83 acres	Freehold	-	-	1983	1,025,459
16	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
	HS (D) 17977 - 17988 PT 1626 - 1637 Plot 236 Mukim Naga Kedah Darul Aman	Residential	15.36 acres	Freehold	-	-	1983	140,051
17	HS (D) 581 PT 4190 Plot 239 Mukim Naga Kedah Darul Aman		0.34 acres	Freehold	-	-	1983	1
18	HS (D) 21341 PT 4114 - HS (D) 21355 PT 4128 Bandar Darulaman Kedah Darul Aman	Shop Office	2.05 acres	Freehold	-	-	1983	-
	HS (D) 23593 PT 6341 - HS (D) 23594 PT 6342 Bandar Darulaman Kedah Darul Aman	Commercial	2.08 acres	Freehold	-	-	1983	-
19	HS (D) 16284 Lot 281 Bandar Darulaman Kedah Darul Aman	Residential	13.60 acres	Freehold	-	-	1983	1
20	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	3.48 acres	Freehold	-	-	1983	0
21	Lot 3127 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Residential	253.29 acres	Freehold	-	-	1995	4,772,790
22	Lot 3107 & 3203 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Residential	28.12 acres	Freehold	-	-	1995	5,093,634

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 2019 (RM)
23	GRN 215417 Lot 2131 Seksyen 64 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Mixed Development	13.06 acres	Freehold	-	-	1996	1,380,676
24	HS (D) 5503 PT 6934 HS (D) 5504 PT 6935 Kuala Ketil Industrial Estate II Lot 3979 Mukim Tawar Daerah Baling Kedah Darul Aman	Agriculture Agriculture	15.62 acres 2.5 acres	Freehold	-	-	1996	385,081
25	Lot 3105, 3106 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Mixed Development	137.07 acres	Freehold	-	-	1995	5,387,074
26	GRN 88443 Lot 24873 GRN 88444 Lot 24874 Mukim Sg. Petani Daerah Kuala Muda Kedah Darul Aman	Agriculture	13.291 acres	Freehold	-	-	2019	4,631,648
AMAN LAGENDA SDN. BHD.								
1	HS (M) 353, PT 1304 Mukim Kedawang Daerah Langkawi Kedah Darul Aman	Industrial Land	5.487 acres	Freehold	-	-	2015	20,725,000
2	HS (M) 354, PT 1301 Mukim Kedawang Daerah Langkawi Kedah Darul Aman	Industrial Land	6.926 acres	Leasehold (Expiring 2089)	-	-	2015	17,775,000
BDB SYNERGY SDN. BHD.								
1	International Lot, Plot No.130, No.196, Jalan Indah 2, Taman Tunku Intan Syafinaz, Bandar Darulaman, 06007 Jitra, Kedah Darul Aman	Double Storey Bungalow House	521 sq meter		-	-	2018	766,744
2	157, Jalan 9/1 Presint 9, Darulaman Perdana, Bandar Darulaman 08000 Sungai Petani, Kedah Darul Aman	Double Storey Semi-Detached House	385 sq meter	Freehold			2018	585,913

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 2019 (RM)
3	157-B, Kompleks Alor Setar, Labuhraya Darulaman, 05100 Alor Setar, Kedah Darul Aman	Shop Office - Kompleks Alor Setar	130 sq meter				2019	123,125
4	Lakehomes Phase III, No.46 Jalan Darulaman 3/3, Darulaman Lakehome, Bandar Darulaman, 06007 Jitra, Kedah Darul Aman	BREEZE (Plot 46) - 2 Storey Bunglow	496 sq meter	Leasehold (Expiring 2117)			2019	896,976
5	Simfoni West, HSD 22476, PT 6160, Bandar Darulaman, Daerah Kubang Pasu, Kedah Darul Aman	HARMONI (Plot 720) - Double Storey	133 sq meter	Leasehold (Expiring 2117)			2019	399,618
6	Simfoni West, HSD 22475, PT 6159, Bandar Darulaman, Daerah Kubang Pasu, Kedah Darul Aman	HARMONI (Plot 719) - Double Storey	133 sq meter	Leasehold (Expiring 2117)			2019	399,618
7	Simfoni West, HSD 22277, PT 5961, Bandar Darulaman, Daerah Kubang Pasu, Kedah Darul Aman	MELODI (Plot 483) - Double Storey	353 sq meter	Leasehold (Expiring 2117)	-	-	2019	611,089

ANALYSIS OF SHAREHOLDINGS

As at 29 May 2020

Total Number of Issued Shares : 303,854,977 Ordinary Shares
Class of Shares : Ordinary Shares
Voting Rights : 1 vote per share on a poll
Number of Shareholders : 3,467

DISTRIBUTION OF SHAREHOLDINGS

HOLDINGS	NO. OF HOLDERS	%	TOTAL HOLDINGS	%
Less than 100	225	6.49	3,141	0.00
100 - 1,000	523	15.09	232,341	0.08
1,001 - 10,000	1,700	49.03	7,608,017	2.50
10,001 - 100,000	867	25.01	27,545,390	9.07
100,001 - and below 5%	151	4.36	64,021,700	21.07
5% and above	1	0.03	204,444,388	67.28
TOTAL	**3,467**	**100.00**	**303,854,977**	**100.00**

SUBSTANTIAL SHAREHOLDERS

HOLDINGS	DIRECT		INDIRECT	
	NO. OF SHARES	%	NO. OF SHARES	%
Perbadanan Kemajuan Negeri Kedah	204,444,388	67.28	-	-
TOTAL	**204,444,388**	**67.28**	-	-

DIRECTORS' INTEREST

Shares Held in the Company

HOLDINGS	DIRECT		INDIRECT	
	NO. OF SHARES	%	NO. OF SHARES	%
Dato' Mohamed Sharil Tarmizi	30,000	0.01	40000*	0.01
Ahmad Suhail bin Sudirman	-	-	1000*	0.00
TOTAL	**30,000**	**0.01**	**41,000**	**0.01**

**Shares held by family member*

LIST OF TOP 30 SHAREHOLDERS

As at 29 May 2020

NO.	NAME	SHAREHOLDINGS	%
1	Perbadanan Kemajuan Negeri Kedah	204,444,388	67.28
2	CIMSEC Nominees (Tempatan) Sdn Bhd Beneficiary : CIMB for General Technology Sdn. Bhd. (PB)	5,367,400	1.77
3	Loh Eng Cheang	3,025,200	1.00
4	RHB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Tan Gaik Suan	2,426,800	0.80
5	Onn Ping Lan	2,213,500	0.73
6	Public Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Tung Ah Kiong (E-KLG)	2,064,000	0.68
7	Ooi Beng Liew & Sons Sdn Bhd	1,685,200	0.55
8	Lucky Star Pte Ltd	1,664,500	0.55
9	Teh Seng Hock	1,650,000	0.54
10	Reson Sdn Bhd	1,567,000	0.52
11	Cheng Hon Sang	1,477,000	0.49
12	RHB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Ng Har Chai	1,411,400	0.46
13	Ang Hioh	1,381,900	0.45
14	Huang Phang Lye	1,325,200	0.44
15	TA Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Loh Eng Cheang	1,316,000	0.43
16	Lee See Jin	1,279,800	0.42
17	Ten Kin Kok	1,170,800	0.39
18	Ang Hioh	1,124,700	0.37
19	Onn Ping Lan	1,093,500	0.36
20	Yeo Khee Huat	1,025,000	0.34
21	Chean Seng Hong	806,700	0.27
22	HLB Nominees (Tempatan) Sdn Bhd Beneficiary : Pledged Securities Account for Mah Siew Seong	780,000	0.26
23	Fong Cheong Kok	657,000	0.22
24	Cheng Hon Sang	571,000	0.19
25	Tectona (M) Sdn Bhd	508,400	0.17
26	See Kim Leong	505,200	0.17
27	Maybank Nominees (Tempatan) Sdn Bhd Beneficiary : Liew Wai Choong	460,800	0.15
28	Loh Eng Cheang	442,000	0.15
29	Kuan Mee Hock	430,900	0.14
30	Chim Luang Eng	423,700	0.14
	TOTAL	**244,298,988**	**80.40**

This page is intentionally left blank

SPIRIT OF ACHIEVEMENT

Bina Darulaman Berhad (199501003751 [332945-X])
Level 9, Menara BDB
88 Lebuhraya Darulaman
05100 Alor Setar, Kedah Darul Aman
Malaysia

T : 604 730 0303
F : 604 734 2714
W : www.bdb.com.my