Financial Statements

for the year ended 31 December 2018

Directors' Report

for the year ended 31 December 2018

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

PRINCIPAL ACTIVITIES

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

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

ULTIMATE HOLDING COMPANY

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

SUBSIDIARIES

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

RESULTS

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

RESERVES AND PROVISIONS

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

DIVIDEND

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

DIRECTORS OF THE COMPANY

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

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

DIRECTORS OF THE SUBSIDIARIES

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

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

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.

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

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

AUDITORS

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

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

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

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

....
Haji Abdul Rahman bin Abdullah
Director

Alor Setar,

Date : 19 March 2019

Consolidated Statement of Financial Position

as at 31 December 2018

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

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2018

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

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2018

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

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2018

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

Consolidated Statement of Cash Flows (Continued)

for the year ended 31 December 2018

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

Note:

A. *Cash and cash equivalents*

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

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

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

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

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

Statement of Financial Position

as at 31 December 2018

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

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

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2018

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

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

Statement of Changes in Equity

for the year ended 31 December 2018

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

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

Statement of Cash Flows

for the year ended 31 December 2018

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

Statement of Cash Flows (Continued)

for the year ended 31 December 2018

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

Note

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

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

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

Notes to the Financial Statements

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

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

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

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

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

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

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

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

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

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

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (Continued)

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

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

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

- MFRS 17, *Insurance Contracts*

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

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

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

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

MFRS 16, *Leases*

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

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

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(i) Subsidiaries (Continued)

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

(ii) Business combinations

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Acquisitions from entities under common control

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (Continued)

(v) Loss of control

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

(vi) Non-controlling interests

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

(vii) Transactions eliminated on consolidation

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

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

(b) Property, plant and equipment

(i) Recognition and measurement

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment (Continued)

(i) Recognition and measurement (Continued)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

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

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

(c) Investment property

(i) Investment property carried at fair value

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investment property (Continued)

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

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

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

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

(ii) Reclassification to/from investment property

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

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

(d) Leases assets

(i) Finance lease

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases assets (Continued)

(ii) Operating lease

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

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

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

(e) Financial instruments

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

(i) Recognition and initial measurement

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

Current financial year

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(i) Recognition and initial measurement (Continued)

Previous financial year

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

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

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

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

(a) Amortised cost

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

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

Financial assets (Continued)

Current financial year (Continued)

(b) Fair value through profit or loss

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

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

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

Previous financial year

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

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

Financial assets (Continued)

Previous financial year (Continued)

(b) Loans and receivables

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

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

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

Financial liabilities

Current financial year

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

Amortised cost

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

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

Previous financial year

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(iii) Financial guarantee contracts

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

Current financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:
- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

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

Previous financial year

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

(iv) Regular way purchase or sale of financial assets

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

Trade date accounting refers to :

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

Settlement date accounting refers to :

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (Continued)

(v) Derecognition

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

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

(vi) Offsetting

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

(f) Inventories

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

(i) Land held for property development

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Inventories (Continued)

(ii) Property development costs

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

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

(iii) Others

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

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

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

(g) Contract asset/Contract liability

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

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

(h) Contract cost

(i) Incremental cost of obtaining a contract

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

(ii) Costs to fulfill a contract

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Contract cost (Continued)

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

(i) Impairment

(i) Financial assets

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

Current financial year

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (Continued)

(i) Financial assets (Continued)

Current financial year (Continued)

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

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

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

Previous financial year

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment (Continued)

(ii) Other assets

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

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

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

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

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

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

(j) Cash and cash equivalents

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Provisions

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

(l) Contingent liabilities

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

(m) Income tax

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Income tax (Continued)

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

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

(n) Revenue and other income

(i) Revenue

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

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

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

Nature of goods and services

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

Property development and construction segments

Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation :
- direct measurement of the value transferred by the Group to the customer (e.g. surveys or appraisals of performance completed to date); or
- the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred up to the end of the financial reporting period as a percentage of total estimated costs for complete satisfaction of the contract)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue and other income (Continued)

(i) Revenue (Continued)

Property development and construction segments (Continued)

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

Road building and quarry segments

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

Leisure and hospitality segment

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

(ii) Rental income

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

(iii) Dividend income

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

(iv) Management fees

Management fees are recognised when services are rendered.

(v) Interest income and profit from Islamic deposit

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

(o) Employee benefits

(i) Short-term employee benefits

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits (Continued)

(i) Short-term employee benefits (Continued)

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

(ii) State plans

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

(p) Borrowing costs

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

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own share held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director/Executive Committee of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(t) Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

Notes to the Financial Statements (Continued)

3. PROPERTY, PLANT AND EQUIPMENT

	*Land, buildings and estate development expenditure RM'000	Plant and machinery and site equipment RM'000	#Others RM'000	Motor vehicles RM'000	Construction work-in-progress RM'000	Total RM'000
Group						
Cost						
At 1 January 2017	61,993	60,989	15,749	13,913	1,533	154,177
Additions	15,345	3,771	3,594	1,476	744	24,930
Disposals	-	(1,866)	(440)	(1,161)	-	(3,467)
Write off	-	-	(89)	-	-	(89)
Reclassification	1,942	-	-	-	(1,942)	-
At 31 December 2017/ 1 January 2018	79,280	62,894	18,814	14,228	335	175,551
Additions	6,106	2,480	1,929	270	284	11,069
Disposals	-	(617)	(999)	(617)	-	(2,233)
Write off	-	-	(452)	(4)	-	(456)
At 31 December 2018	85,386	64,757	19,292	13,877	619	183,931
Accumulated depreciation						
At 1 January 2017	12,859	40,708	9,100	8,429	-	71,096
Depreciation charge for the year	877	3,603	2,669	2,021	-	9,170
Disposals	-	(1,829)	(349)	(1,161)	-	(3,339)
Write off	-	-	(79)	-	-	(79)
At 31 December 2017 1 January 2018	13,736	42,482	11,341	9,289	-	76,848
Depreciation charge for the year	1,833	3,510	3,087	1,818	-	10,248
Disposals	-	(617)	(938)	(568)	-	(2,123)
Write off	-	-	(357)	(4)	-	(361)
At 31 December 2018	15,569	45,375	13,133	10,535	-	84,612

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 2017	49,134	20,281	6,649	5,484	1,533	83,081
At 31 December 2017/ 1 January 2018	65,544	20,412	7,473	4,939	335	98,703
At 31 December 2018	69,817	19,382	6,159	3,342	619	99,319

Others comprise furniture and fittings, electrical installations and office equipment as well as renovation.

* Land, buildings and estate development expenditure for the Group :

	Freehold land RM'000	Long term leasehold land RM'000	Office building RM'000	Golf course RM'000	Club house, chalets and other buildings RM'000	Estate development expenditure RM'000	Total RM'000
Group							
Cost							
At 1 January 2017	8,905	6,316	12,290	9,606	24,015	861	61,993
Additions	-	-	15,280	-	65	-	15,345
Reclassification	-	-	-	-	1,942	-	1,942
At 31 December 2017/ 1 January 2018	8,905	6,316	27,570	9,606	26,022	861	79,280
Additions	690	-	1,099	-	4,317	-	6,106
At 31 December 2018	9,595	6,316	28,669	9,606	30,339	861	85,386

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

* Land, buildings and estate development expenditure for the Group (continued):

	Freehold land RM'000	Long term leasehold land RM'000	Office building RM'000	Golf course RM'000	Club house, chalets and other buildings RM'000	Estate development expenditure RM'000	Total RM'000
Group							
Accumulated depreciation							
At 1 January 2017	-	1,133	3,493	-	7,372	861	12,859
Depreciation charge for the year	-	79	407	-	391	-	877
At 31 December 2017/ 1 January 2018	-	1,212	3,900	-	7,763	861	13,736
Depreciation charge for the year	-	79	1,260	-	494	-	1,833
At 31 December 2018	-	1,291	5,160	-	8,257	861	15,569
Carrying amounts							
At 1 January 2017	8,905	5,183	8,797	9,606	16,643	-	49,134
At 31 December 2017/ 1 January 2018	8,905	5,104	23,670	9,606	18,259	-	65,544
At 31 December 2018	9,595	5,025	23,509	9,606	22,082	-	69,817

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 2017	6,000	11,458	861	3,343	5,580	1,653	28,895
Additions	-	-	-	-	844	152	996
Disposal	-	-	-	-	(9)	(353)	(362)
At 31 December 2017/ 1 January 2018	6,000	11,458	861	3,343	6,415	1,452	29,529
Additions	-	-	-	65	139	-	204
Disposal	-	-	-	-	(943)	(349)	(1,292)
Written off	-	-	-	-	(326)	-	(326)
At 31 December 2018	6,000	11,458	861	3,408	5,285	1,103	28,115
Accumulated depreciation							
At 1 January 2017	1,087	2,979	861	3,343	3,007	795	12,072
Depreciation charge for the year	75	230	-	-	1,151	250	1,706
Disposals	-	-	-	-	(9)	(353)	(362)
At 31 December 2017/ 1 January 2018	1,162	3,209	861	3,343	4,149	692	13,416
Depreciation charge for the year	75	229	-	1	926	223	1,454
Disposals	-	-	-	-	(895)	(299)	(1,194)
Written off	-	-	-	-	(274)	-	(274)
At 31 December 2018	1,237	3,438	861	3,344	3,906	616	13,402

Others comprise furniture and fittings, electrical installations and office equipment as well as renovation.

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 2017	4,913	8,479	-	-	2,573	858	16,823
At 31 December 2017/ 1 January 2018	4,838	8,249	-	-	2,266	760	16,113
At 31 December 2018	4,763	8,020	-	64	1,379	487	14,713

Others comprise furniture and fittings, electrical installations and office equipment as well as renovation.

3.1 Assets under finance lease

During the financial year, the Group and the Company acquired property, plant and equipment by the following means :

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Finance lease	1,349	1,649	7,500
Cash and cash equivalents	9,720	23,281	14,097
	11,069	24,930	21,597
Company			
Finance lease	-	152	586
Cash and cash equivalents	204	844	591
	204	996	1,177

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Assets under finance lease (Continued)

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

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Plant and machinery	9,412	10,300	10,247
Motor vehicles	1,671	1,016	1,437
	11,083	11,316	11,684
Company			
Motor vehicles	-	152	586

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

3.2 Fully depreciated assets

Included in property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use costing RM37,560,000 (31.12.2017 : RM36,114,000 and 1.1.2017 : RM36,102,000) and RM930,000 (31.12.2017 : RM1,383,000 and 1.1.2017 : RM1,745,000) respectively.

4. INVESTMENT PROPERTIES

	Freehold land RM'000	Leasehold land RM'000	Asset under construction RM'000	Total RM'000
Group				
At fair value				
At 1 January 2017/31 December 2017/1 January 2018	19,400	16,600	-	36,000
Transfer from inventories (Note 6.1)	17	-	2,148	2,165
Change in fair value recognised in profit or loss	2,395	-	-	2,395
At 31 December	21,812	16,600	2,148	40,560
Company				
At fair value				
At 1 January 2017/31 December 2017	2,326	14,030	-	16,356
At 1 January 2018/31 December 2018	2,326	14,030	-	16,356

4.1 The following are recognised in profit or loss in respect of investment property:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Direct operating expenses :			
- non-income generating investment property	2,183	1,950	1,878
Company			
Rental income	120	120	120
Direct operating expenses :			
- income generating investment property	16	43	12

4.2 Security

The entire investment property of the Group is pledged as security for borrowing (Note 15.1).

4.3 Fair value information

Investment property of the Group comprises undeveloped land located at Langkawi and Axis Commercial Hub in progress. Investment property of the Company comprises serviced apartment that is leased to a subsidiary to earn rental income or held for capital appreciation. The fair value of the properties is classified as level 3 where there have been no recent transactions of similar properties at or near reporting date.

4. INVESTMENT PROPERTY (CONTINUED)

4.3 Fair value information (Continued)

Level 3 fair value is estimated using unobservable inputs for the investment properties. The valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models are disclosed in the following paragraphs.

Fair value is determined by the independent external valuer using the comparable approach with relevant adjustments being made to key attributes such as the timing of the transaction, land size and shape, accessibility of the location, zoning, tenure and etc.

The most significant input into this valuation approach is price per square foot which would increase/(decrease) the estimated fair value if the price per square foot is higher/(lower).

5. INVESTMENT IN SUBSIDIARIES - COMPANY

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Unquoted shares, at cost	78,325	59,258	59,258
Accumulated impairment losses	(5,116)	(1,100)	(1,100)
	73,209	58,158	58,158
Advances to subsidiaries*	42,474	51,752	8,764
	115,683	109,910	66,922

* The advances to subsidiaries as at year end were classified as non-current as the Company recognised these amounts as a long term source of capital to those subsidiaries.

5.1 The details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest and voting interest		
			31.12.2018 %	31.12.2017 %	1.1.2017 %
BDB Land Sdn. Bhd. (BDB Land)*	Malaysia	Property development, investment holding and project management services	100	100	100
BDB Synergy Sdn. Bhd.	Malaysia	Building and general contractor	100	100	100
BDB Infra Sdn. Bhd.	Malaysia	Granite quarry operator and civil engineering contractor	100	100	100

5. INVESTMENT IN SUBSIDIARIES - COMPANY (CONTINUED)

5.1 The details of the subsidiaries are as follows: (Continued)

Name of subsidiaries	Country of incorporation	Principal activities	Effective ownership interest and voting interest		
			31.12.2018 %	31.12.2017 %	1.1.2017 %
Kedah Holdings Sdn. Bhd.*	Malaysia	Property development and property investment	100	100	100
BDB Construction Sdn. Bhd.	Malaysia	Dormant	100	100	100
BDB Ventures Sdn. Bhd.	Malaysia	Under Member's Voluntary Winding-Up	100	100	100
BDB Hotels Sdn. Bhd.*	Malaysia	Dormant	100	100	100
BDB Trading Sdn. Bhd.	Malaysia	Under Member's Voluntary Winding-Up	100	100	100
Aman Lagenda Sdn. Bhd.#	Malaysia	Property investment	100	100	100
BDB I Holdings Bhd#	Malaysia	Under Member's Voluntary Winding-Up	100	100	100
BDB Leisures Sdn. Bhd.	Malaysia	Water theme park operator	100	100	-
Subsidiaries of BDB Land:					
BDB Darulaman Golf Resort Berhad (BDGRB)*^	Malaysia	Golf resort owner and operator	99	99	99

* The Company has provided financial support to these subsidiaries.
^ 52,218 ordinary shares of RM1 each are equivalent to 99% and are held by subsidiaries of the Company.
\# A wholly-owned subsidiary of which 2 ordinary shares are held in trust by one of the former Directors of the Company.

5. INVESTMENT IN SUBSIDIARIES - COMPANY (CONTINUED)

5.2 Non-controlling interest in a subsidiary

The Group's subsidiary that have material non-controlling interests ("NCI") is as follows:

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
NCI percentage of ownership interest and voting interest - BDGRB	**1%**	**1%**	**1%**
Carrying amount of NCI	-	22	56
Loss allocated to NCI	22	33	28
Summarised financial information before intra-group elimination :			
As at 31 December			
Non-current assets	14,664	14,803	15,299
Current assets	943	1,455	1,185
Non-current liabilities	(261)	(407)	(405)
Current liabilities	(16,059)	(14,124)	(11,777)
Net/(Liabilities) assets	(713)	1,727	4,302
Year ended 31 December			
Revenue	6,118	6,156	5,891
Loss and total comprehensive expense for the year	2,440	2,574	2,194
Cash flows from operating activities	859	357	380
Cash flows used in investing activities	(654)	(180)	(58)
Cash flows used in financing activities	(288)	(285)	(202)
Net (decrease)/increase in cash and cash equivalents	(83)	(108)	120
Dividend paid to NCI	-	-	-

Notes to the Financial Statements (Continued)

6. INVENTORIES

	Note	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Group				
Non-current				
Land held for property development	6.1	353,810	332,343	302,200
Current				
At cost :				
Properties held for sale	6.3	45,781	29,859	16,059
Consumables and spares		4,845	2,088	1,850
Building materials		2,255	4,648	4,986
		52,881	36,595	22,895
Property development costs	6.2	18,972	55,831	87,651
		71,853	92,426	110,546
Company				
Non-current				
Land held for property development	6.1	217,602	213,426	213,068
Current				
At cost :				
Properties held for sale		4,671	7,123	7,123

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 2017	248,393	53,807	302,200
Additions (Note 6.1.4)	21,795	358	22,153
Transferred from property development costs (Note 6.2)	20,084	-	20,084
At 31 December 2017, as previously reported	290,272	54,165	344,437
Adjustment on initial application of MFRS 15, net of tax	(12,094)	-	(12,094)
At 1 January 2018, restated	278,178	54,165	332,343
Additions (Note 6.1.4)	30,211	-	30,211
Transferred to property development costs (Note 6.2)	(6,579)	-	(6,579)
Transfer to investment properties (Note 4)	(2,165)	-	(2,165)
At 31 December 2018	299,645	54,165	353,810
Company			
At 1 January 2017	161,176	51,892	213,068
Additions	-	358	358
At 31 December 2017/1 January 2018	161,176	52,250	213,426
Additions	-	4,176	4,176
At 31 December 2018	161,176	56,426	217,602

6.1.1 Other outgoing costs

Included in land held for property development of the Group and Company are amount of RM102,222,000 (31.12.2017 : RM97,156,000 and 1.1.2017: RM52,191,000) and RM11,076,000 (31.12.2017 : RM11,025,000 and 1.1.2017: RM10,667,000) respectively representing other outgoing cost incurred.

6.1.2 Security

Freehold land of the Group with carrying amount of RM29,957,000 (31.12.2017: RM26,712,000 and 1.1.2017 : RM19,913,000) are pledged as security for borrowings (Note 15.1).

6. INVENTORIES (CONTINUED)

6.1 Land held for property development (Continued)

6.1.3 Joint venture arrangement

Included in land held for property development is an amount of RM6,958,000 (31.12.2017 : RM7,085,000 and 1.1.2017 : RM6,689,000) representing freehold land and development expenditure incurred for a joint venture project.

The joint venture agreement is with the ultimate holding company whereby the Group acquired a piece of land from the ultimate holding company for mixed development purposes. The profits, if any, from the joint venture project is to be shared at the following proportion by the two parties and are payable on percentage of completion basis.

	31.12.2018	31.12.2017	1.1.2017
The Group	80%	80%	80%
Ultimate holding company	20%	20%	20%

Losses, if any, from the joint venture project will be borne by the Group.

6.1.4 Additions cost incurred during the year

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

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Interest expense (Note 19)	261	32	147

6.2 Property development costs - Group

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
At 1 January			
Land	508	974	676
Development costs	55,323	86,677	21,585
	55,831	87,651	22,261
Add :			
Development costs incurred during the year (Note 6.2.1)	13,917	63,085	174,315
Transferred from/(to) land held for property development (Note 6.1)	6,579	(7,990)	2,089
	20,496	55,095	176,404

6. INVENTORIES (CONTINUED)

6.2 Property development costs - Group (Continued)

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Less :			
Transferred to properties held for sale	(32,836)	(24,474)	-
Cost transferred to cost to fulfil contract (Note 9.2)	(24,519)	(62,441)	(111,014)
	(57,355)	(86,915)	(111,014)
At 31 December *	18,972	55,831	87,651
* This amount comprises :			
Freehold land	7,180	508	974
Development costs	11,792	55,323	86,677
	18,972	55,831	87,651

6.2.1 Development costs incurred during the year

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

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Interest expense (Note 19)	3,301	5,197	3,478

6.2.2 Security

The freehold land with carrying amount of RM7,023,000 (31.12.2017: RM6,174,000 and 1.1.2017 : RM676,000) are pledged on security for borrowings (Note 15.1).

6.3 Properties hold for sale

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM42,864,000 (31.12.2017 : RM60,534,000 and 1.1.2017 : RM65,776,000).

7. OTHER INVESTMENTS

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Financial assets at fair value through profit or loss			
- non-current	135	446	7,110
- current	13,394	-	-
	13,529	446	7,110
Company			
Current			
Financial assets at fair value through profit or loss			
- non-current	-	311	6,974
- current	13,394	-	-
	13,394	311	6,974

8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following :

	Assets			Liabilities			Net		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group									
Capital allowance carry-forwards	-	-	2	-	-	-	-	-	2
Property, plant and equipment - capital allowances	-	-	-	(1,314)	(2,888)	(2,032)	(1,314)	(2,888)	(2,032)
Other temporary differences	704	3,078	3,086	-	-	-	704	3,078	3,086
Real Property Gain Tax (RPGT) on changes in fair value of investment property	-	-	-	(203)	(101)	(101)	(203)	(101)	(101)
Tax assets/(liabilities)	704	3,078	3,088	(1,517)	(2,989)	(2,133)	(813)	89	955
Set-off of tax	(704)	(2,888)	(2,032)	704	2,888	2,032	-	-	-
	-	190	1,056	(813)	(101)	(101)	(813)	89	955
Company									
RPGT on changes in fair value of investment property	-	-	-	(842)	(421)	(421)	(842)	(421)	(421)

Deferred tax assets and liabilities are offset when there are legally enforceable rights to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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

Recognised deferred tax assets and liabilities (Continued)

Movements in temporary differences during the year are as follows :

	At 1 January 2017 RM'000	Charged to profit or loss (Note 23) RM'000	At 31 December 2017/ 1 January 2018 RM'000	Charged to profit or loss (Note 23) RM'000	At 31 December 2018 RM'000
Group					
Capital allowance carry-forwards	2	(2)	-	-	-
Property, plant and equipment-capital allowances	(2,032)	(856)	(2,888)	1,574	(1,314)
Other temporary differences	3,086	(8)	3,078	(2,374)	704
RPGT on changes in fair value of investment property	(101)	-	(101)	(102)	(203)
	955	(866)	89	(902)	(813)
Company					
RPGT on changes in fair value of investment property	(421)	-	(421)	(421)	(842)

Unrecognised deferred tax assets

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

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group			
Tax losses carry-forward	63,699	29,112	21,584
Capital allowances carry-forward	28,427	24,419	18,924
Other temporary differences	4,786	3,536	(7,436)
	96,912	57,067	33,072

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

Unrecognised deferred tax assets (Continued)

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Company			
Tax losses carry-forward	17,978	14,496	11,490
Capital allowances carry-forward	3,507	3,123	2,672
Other temporary differences	7,310	6,601	3,049
	28,795	24,220	17,211

Based on the Finance Act 2018, the tax loss carry-forward up to year of assessment 2018 shall be deductible against aggregate of statutory income until year of assessment 2025. Any amount not deducted at the end of year of assessment 2025 shall be disregarded. The unabsorbed capital allowances do not expire under current tax legislation. Certain deferred tax assets have not been recognised as it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

The comparative figures have been restated to reflect the revised tax losses carry-forward, capital allowances carry-forward and other temporary differences available to the subsidiaries and the Company.

9. CONTRACT WITH CUSTOMERS - GROUP

9.1 Contract assets/(liabilities)

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Contract assets	11,286	27,182	42,513
Contract liabilities	(17,897)	(2,709)	(3,706)

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

	2018 RM	2017 RM
Group		
Contract liabilities at the beginning of the period recognised as revenue	2,709	3,706

9. CONTRACT WITH CUSTOMERS - GROUP (CONTINUED)

9.1 Contract assets/(liabilities) (Continued)

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Opening balance	24,473	38,807	8,352
Revenue recognised as a result of changes in the measure of progress	91,014	129,712	238,127
Decrease due to progress billings raised during the year	(122,098)	(144,046)	(207,672)
Closing balance	(6,611)	24,473	38,807
Represented by:			
Contract assets	11,286	27,182	42,515
Contract liabilities	(17,897)	(2,7090	(3,706)
	(6,611)	24,473	38,807

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

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Depreciation	-	-	74
Hire of plant and machinery	-	-	89
Rental of premises	20	19	17
Interest expense (Note 19)	7	9	5
Staff costs	4,823	4,381	4,410

The contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its property development and construction activities. The contract assets will be transferred to trade receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract, which revenue is recognised over time during the property development and constructions activities.

9.2 Contracts costs

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Cost to fulfil a contract			
Opening balance	11	57	-
Transfer from property development costs (Note 6.2)	24,519	62,441	111,014
Costs charged to profit or loss	(24,399)	(62,487)	(110,957)
Closing balance	131	11	57

Notes to the Financial Statements (Continued)

10. TRADE AND OTHER RECEIVABLES

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group				
Trade				
Third parties		74,704	59,207	151,848
Amount due from a related company	10.1	-	200	256,939
Amount due from ultimate holding company	10.2	3,558	3,595	4,569
		78,262	63,002	413,356
Less : Allowance for impairment		(3,893)	(2,161)	(2,343)
		74,369	60,841	411,013
Retention sums		1,117	2,166	1,959
		75,486	63,007	412,972
Non-trade				
Amount due from ultimate holding company	10.2	12	12	12
Prepayments		1,110	1,746	1,161
Refundable deposits		5,112	6,424	6,994
Other receivables		2,588	2,537	2,449
		8,822	10,719	10,616
Less : Allowance for impairment - third parties		(670)	(530)	(444)
		8,152	10,189	10,172
		83,638	73,196	423,144

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Company				
Trade				
Third parties		796	931	992
Less : Allowance for impairment		(434)	-	-
		362	931	992
Non-trade				
Amount due from subsidiaries	10.3	26,501	31,187	31,159
Prepayments		309	723	264
Refundable deposits		392	690	3,031
Other receivables		409	552	893
		27,611	33,152	35,347
Less : Allowance for impairment				
- third parties		-	(66)	(53)
- subsidiaries		(6,840)	(6,349)	(2,498)
		20,771	26,737	32,796
		21,133	27,668	33,788

10.1 Amount due from a related company

The trade amount due from a related company was subject to normal trade terms.

The trade amount due from a related company of RM256,939,101 at 1.1.2017 was unsecured, subject to fixed interest at 4.20% per annum. The Group had granted deferred payment terms and the receivables were recognised based on their net present values discounted at a rate of 5.96% per annum. The discount rate was estimated based on cost of borrowings on inception date. The entire amount has been fully repaid in 2017.

10.2 Amounts due from ultimate holding company

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

10.3 Amounts due from subsidiaries

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

11. DEPOSITS WITH LICENSED BANKS - GROUP

	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Aged more than 3 months	6,859	7,128	6,827
Aged within 3 months	10,529	15,034	18,621
	17,388	22,162	25,448

Deposits placed with the licensed banks which are government-related entities amounted to RM10,253,000 (31.12.2017 : RM19,831,000 and 1.1.2017 : RM7,215,000).

Deposits of the Group amounted to RM6,520,000 (31.12.2017 : RM6,019,000 and 1.1.2017 : RM6,865,000) are pledged for bank facilities granted to the Group (Note 15.1).

12. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are amounts of RM7,674,000 (31.12.2017: RM8,095,000 and 1.1.2017 : RM8,340,000), where the utilisation is subject to the Housing Development (Housing Development Account) Regulations 1991.

Cash and bank balances of the Group and of the Company that were placed in banks which are government-related entities amounted to RM36,560,000 (31.12.2017 : RM73,404,000 and 1.1.2017 : RM20,548,000) and RM3,408,000 (31.12.2017 : RM6,858,000 and 1.1.2017 : RM613,000) respectively.

13. SHARE CAPITAL - GROUP/COMPANY

	31.12.2018		31.12.2017		1.1.2017	
	Amount RM'000	Number of shares	Amount RM'000	Number of shares	Amount RM'000	Number of shares
Issued and paid-up ordinary shares						
At beginning of year	331,020	303,855	303,855	303,855	303,855	303,855
Transfer in accordance with Section 618(2) of the Companies Act 2016 (Note 13.1)	-	-	27,165	-	-	-
At end of year	331,020	303,855	331,020	303,855	303,855	303,855

13. SHARE CAPITAL - GROUP/COMPANY (CONTINUED)

13.1 In accordance with Section 618(2) of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. Included in share capital is share premium amounting to RM27,165,000 that is available to be utilized in accordance with Section 618(3) of the Companies Act on or before 30 January 2019 (24 months from commencement of Section 74).

14. RESERVES

	31.12.2018 RM'000	31.12.2017 RM'000 Restated	1.1.2017 RM'000 Restated
Group			
Non-distributable			
Share premium	-	-	27,165
Distributable			
Retained earnings	127,642	169,846	195,763
	127,642	169,846	222,928
Company			
Non-distributable			
Share premium	-	-	27,165
Distributable			
Retained earnings	16,661	6,188	9,993
	16,661	6,188	37,158

The movements in the reserves are disclosed in statements of changes in equity.

Share premium

Share premium comprise the premium paid on subscription of shares in the Company over and above the par value of the shares.

In accordance with Section 618 of Companies Act 2016, any amount standing to the credit of the share premium account has become part of the Company's share capital. The Company has twenty-four months upon the commencement of Companies Act 2016 on 31 January 2017 to utilise the credit.

15. LOANS AND BORROWINGS

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group				
Current				
Secured :				
Term loan 1		-	-	242,303
Term loan 2		4,490	7,915	3,268
Term loan 3		3,970	3,970	1,970
Term loan 4		-	1,680	18,140
Bankers' acceptances		3,586	4,103	-
Unsecured :				
Bank overdrafts		19,497	19,226	17,861
Revolving credit		38,000	34,800	33,054
Islamic commercial papers				
-Sukuk Wakalah Programme (SUKUK)		50,000	50,000	-
Finance lease liabilities	15.2	2,672	3,100	2,531
		122,215	124,794	319,127
Non-current				
Secured :				
Term loans :				
Term loan 2		21,109	17,685	22,332
Term loan 3		9,809	13,723	7,249
Finance lease liabilities	15.2	3,518	5,053	6,461
		34,436	36,461	36,042
		156,651	161,255	355,169
Company				
Current				
Islamic commercial papers				
-Sukuk Wakalah Programme (SUKUK)		50,000	50,000	-
Finance lease liabilities	15.2	138	138	106
		50,138	50,138	106
Non-current				
Finance lease liabilities	15.2	257	395	389
		50,395	50,533	495

15. LOANS AND BORROWINGS (CONTINUED)

15.1 Security

Term loan 1

Term loan 1 relates to Syndicated Islamic Financing Facility up to RM330 million, (RM200 million by Bank Islam Malaysia Berhad and RM130 million by Affin Islamic Bank Berhad) for the Kolej Universiti Insaniah (KUIN) project and was secured by way of :

(a) first legal charge over the KUIN Campus;
(b) deposits pledged with licensed banks as disclosed in Note 11;
(c) letter of comfort from Kedah State Government;
(d) corporate guarantee by the Company of RM330 million;
(e) assignment of project site rights; and
(f) a first fixed charge over the Designated Accounts.

During the financial year 2017, the Group made early settlement of the term loan upon the receipt of repayment from Kedah State Government (see Note 10.1).

Term loan 2

Term loan 2 relates to Murabahah Term Financing-i up to RM25,600,000 by Affin Islamic Bank Berhad to finance 80% of the purchase price of 2 parcels of industrial land located at Langkawi and is secured by way of :

(a) first legal charge over the lands as disclosed in Note 4.2; and
(b) corporate guarantee by the Company of RM25.6 million.

Term loan 3

Term loan 3 relates to Musharakah Mutanaqisah Term Financing-i up to RM9,850,000 by Affin Islamic Bank Berhad to finance 80% of the purchase price of 2 parcels of land located at Pokok Sena and Kuala Kangsar and is secured by way of:

(a) first legal charge over the lands for development as disclosed in Notes 6.1.2 and 6.2.2; and
(b) corporate guarantee by the Company of RM9.85 million.

Term loan 4

Term loan 4 relates to facility from Maybank Islamic Bank Berhad to finance the construction cost and development expenditures and is secured by way of:

(a) first legal charge over the lands as disclosed in Note 6.1.2; and
(b) corporate guarantee by the Company of RM280 million.

15. LOANS AND BORROWINGS (CONTINUED)

15.1 Security (Continued)

Islamic Commercial Papers – Sukuk Wakalah Programme (SUKUK)

The unsecured Islamic Commercial Papers bear interest rates ranging from 4.60% to 4.72% (2017 : 4.50% to 4.60%) per annum.

Bankers' acceptances

Bankers' acceptances related to facility from OCBC Al-Amin Bank Berhad for working capital purposes and was secured by cash deposit and a corporate guarantee from the Company.

Revolving credit

Revolving credit relates to facility from Affin Islamic Bank Berhad and Bank Islam Malaysia Berhad for working capital purpose.

Notes to the Financial Statements (Continued)

15. LOANS AND BORROWINGS (CONTINUED)

15.2 Finance lease liabilities

Finance lease liabilities are payable as follows :

	31.12.2018			31.12.2017			1.1.2017		
	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Group									
Less than 1 year	2,986	314	2,672	3,522	422	3,100	3,034	503	2,531
Between 1 and 5 years	3,786	268	3,518	5,468	415	5,053	7,144	683	6,461
	6,772	582	6,190	8,990	837	8,153	10,178	1,186	8,992
Company									
Less than 1 year	161	23	138	161	23	138	126	20	106
Between 1 and 5 years	299	42	257	460	65	395	460	71	389
	460	65	395	621	88	533	586	91	495

16. TRADE AND OTHER PAYABLES

	Note	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Group				
Trade				
Trade payables		87,202	93,604	131,945
Amount due to ultimate holding company	16.1	137	69	9,870
		87,339	93,673	141,815
Non-trade				
Other payables and accruals	16.2	21,905	30,278	47,791
Refundable deposits		793	907	1,014
Amount due to related companies	16.3	950	2	30
Dividend payable		-	51	27
		23,648	31,238	48,862
		110,987	124,911	190,677
Company				
Trade				
Trade payables		-	-	76
Non-trade				
Other payables and accruals	16.2	6,243	7,606	12,322
Refundable deposits		470	662	785
Amount due to related companies	16.3	1,629	1,811	7,061
Dividend payable		-	51	27
		8,342	10,130	20,195
		8,342	10,130	20,271

16.1 Amount due to ultimate holding company

The trade amount due to ultimate holding company is unsecured and subject to normal trade term.

16.2 Other payables and accruals

Included in other payables and accruals of the Group and the Company is an amount of RM4,125,000 (31.12.2017 : RM5,020,000, 1.1.2017 : RM6,950,000) payable to ultimate holding company for acquisition of land in 2015. The amount is unsecured, interest-free and repayable on demand.

16. TRADE AND OTHER PAYABLES (CONTINUED)

16.3 Amount due to related companies

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

17. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Revenue from contract customers				
Over time				
- Sales of development properties	27,390	71,115	-	-
- Revenue from construction contracts	63,624	58,597	-	-
	91,014	129,712	-	-
At a point in time				
- Sales of completed properties and land	16,569	9,805	2,812	-
- Revenue from sand quarry, road paving and premix aggregate	84,392	101,383	-	-
- Revenue from water theme park, golf resort and hotel operations	9,564	7,743	-	-
- Sales of oil palm fresh fruit bunches	1,657	2,922	1,435	2,532
	112,182	121,853	4,247	2,532
	203,196	251,565	4,247	2,532
Other revenue				
Management fees from subsidiaries	-	-	3,633	3,633
Dividend income from subsidiaries	-	-	23,000	24,000
Others	194	142	-	-
	194	142	26,633	27,633
	203,390	251,707	30,880	30,165

17.1 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration of more than one year.

17. REVENUE (CONTINUED)

17.1 Transaction price allocated to the remaining performance obligations (Continued)

	2019 RM'000	2020 RM'000	Total RM'000
Group			
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 form sand quarry, road paving and premix aggregate	*Revenue is recognised when the goods are delivered and accepted by the customers*	*Credit period of 60 days from invoice date.*	*Not applicable.*	*Not applicable.*	*Not applicable.*
Revenue from construction contracts	*Revenue is recognised over time using the cost incurred method.*	*Based on agreed milestones, certified by architects.*	*Not applicable.*	*Not applicable.*	*Defect liability period of 2 years is given to the customer.*
Revenue from water theme park, golf resort and hotel operations	*Revenue is recognised at a point in time when the goods and services are rendered.*	*Credit period of 30 days from invoice date.*	*Not applicable.*	*Not applicable.*	*Not applicable.*
Revenue of oil palm fresh fruit bunches	*Revenue is recognised at a point in time when the goods and services are rendered.*	*Credit period of 30 days from invoice date.*	*Not applicable.*	*Not applicable.*	*Not applicable.*

18. COSTS OF SALES

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Cost of development properties and land sold	52,683	69,506	2,452	-
Sand quarry, road paving and premix aggregate costs	86,574	80,081	-	-
Construction contract costs	41,734	41,979	-	-
Cost of water theme park, golf resort and hotel operations	9,236	6,030	-	-
Cost of oil palm fresh fruit bunches sold	1,124	848	1,014	708
Others	277	225	-	-
	191,628	198,669	3,466	708

19. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest expenses	11,176	10,958	63	241
Less :				
- land held for property development (Note 6.1.4)	-	(32)	-	-
- property development costs (Note 6.2.1)	(3,301)	(5,197)	-	-
- construction contract costs (Note 9.1)	(7)	(9)	-	-
	7,868	5,720	63	241

20. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is arrived at:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
After charging :				
Auditors' remuneration :				
- Statutory audit	344	300	135	115
Other services by :				
- KPMG PLT	123	78	58	8
- affiliate of KPMG PLT	74	88	17	16
Depreciation of property, plant and equipment	10,248	9,170	1,454	1,706
Property, plant and equipment written off	95	10	52	-
Rental expense	450	407	243	273
Impairment loss on :				
- Investment in subsidiaries	-	-	4,016	-
- Trade receivables	1,976	244	434	-
- Subsidiaries	-	-	491	3,851
- Other receivables	206	86	-	13
Bad debts written off	98	-	98	-
Royalties and tributes	1,735	1,631	-	-
and after crediting :				
Changes in fair value of investment properties	2,395	-	-	-
Rental income	837	801	1,186	1,097
Gain on disposal of property, plant and equipment	129	479	98	47
Interest income				
- Other investments	130	232	130	232
- Others	1,398	1,450	178	79
Dividend income from :				
- Subsidiaries	-	-	23,000	24,000
- Other investments	-	6	-	-
Bad debts recovered	-	50	-	-
Reversal of impairment loss on trade receivables	-	425	-	-

21. EMPLOYEE BENEFITS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Personnel expense (including key management personnel)				
Wages and salaries	24,902	24,414	4,568	5,066
Social security costs	396	336	66	54
Contributions to defined contribution plan	3,630	3,921	696	1,019
Other benefits	2,979	2,854	932	979
	31,907	31,525	6,262	7,118

22. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive Director :				
Fees	7	36	7	36
Salaries and other emoluments	373	1,235	373	1,235
	380	1,271	380	1,271
Current Non-Executive Directors :				
Fees	180	142	180	142
Other emoluments	702	379	702	379
	882	521	882	521
Past Non-Executive Directors :				
Fees	-	65	-	65
Other emoluments	55	150	55	150
	55	215	55	215

22. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other Directors :				
Fees	107	54	-	-
Salaries and other emoluments	903	599	430	-
	1,010	653	430	-
Total directors' remuneration	2,327	2,660	1,747	2,007
Estimated monetary value of benefits-in-kind	11	16	11	16
Total directors' remuneration including benefits-in-kind	2,338	2,676	1,758	2,023
Senior management of the Group :				
Salaries and other emoluments	1,013	2,834	1,013	2,575
	3,351	5,510	2,771	4,598

23. TAX EXPENSE

Recognised in profit or loss

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Tax expense	2,892	1,367	421	-

Major components of income tax expense include :

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income tax expense				
- Current year	2,258	4,032	-	-
- Over provision in prior years	(268)	(3,531)	-	-
	1,990	501	-	-

23. TAX EXPENSE (CONTINUED)

Major components of income tax expense include (Continued) :

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred tax expense				
- Origination and reversal of temporary differences	104	788	421	-
- (Over)/Under provision in prior years	798	78	-	-
	902	866	421	-
Total tax expense	2,892	1,367	421	-

Reconciliation of tax expense

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
(Loss)/Profit before tax	(39,334)	(10,910)	10,894	9,868
Tax calculated using Malaysian tax rate at 24%	(9,440)	(2,618)	2,615	2,368
Non-deductible expenses	2,138	1,680	2,047	1,711
Non-taxable income	-	-	(5,520)	(5,760)
Effect of change in fair value of investment properties *	101	-	421	-
Effect of deferred tax assets not recognised	9,563	5,758	858	1,681
Under/(Over) provision in prior years	530	(3,453)	-	-
Income tax expense recognised in profit or loss	2,892	1,367	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.

24. BASIC LOSS PER ORDINARY SHARE

The calculation of basic loss per ordinary share at 31 December was based on the loss attributable to ordinary shareholders and number of ordinary shares in issue during the year, calculated as follows :

	Group	
	2018	2017 Restated
Loss for the year attributable to owners (RM'000)	42,204	12,244
Number of ordinary shares at 31 December	303,855	303,855
Basic loss per ordinary share (sen)	13.89	4.03

25. DIVIDEND

	Total amount RM'000	Date of payment
2017		
Final dividend of 4.50 sen per share for financial year 2016	13,673	27 April 2017

26. COMMITMENTS

	Group			Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Property, plant and equipment						
Contracted but not provided for	1,021	1,136	16,955	21	13	266

27. RELATED PARTY TRANSACTIONS

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

The Group has related party relationship with its significant investors, subsidiaries of the Company and significant investors, government related entities, Directors and key management personnel.

27. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year :

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Subsidiaries:				
Rental income	-	-	375	299
Dividend income	-	-	23,000	24,000
Management fees	-	-	3,633	3,633
Rendering of services	-	-	171	6
Interest income	-	-	159	72
Rental expenses	-	-	133	131
Ultimate holding company :				
Progress billings charged	-	433	-	-
Rental of quarry land	100	100	-	-
Tributes charged	756	674	-	-
Acquisition of land	4,125	-	4,125	-
Related party -subsidiaries of ultimate holding company :				
Insurance payable	3,111	2,147	652	413
Propertymanagement fee payable	45	61	45	61
Revenue from oil palm	1,627	2,922	1,435	2,532
Estate agency fee payable	102	194	102	194
Government-related financial institutions:				
Interest income	1,003	1,355	149	6
Interest expenses	7,453	4,818	63	241
State Government-related entities:				
Quit rent and assessment	669	711	48	257
Water expenses	233	209	8	10
Progress billing	41,610	82,997	-	-
Royalties payable	979	957	-	-
Acquisition of land	2,374	-	-	-
Federal Government-related entities:				
Sewerage expenses	95	93	8	8
Electricity expenses	2,586	2,218	192	240
Progress billing	37,846	17,024	-	-

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transaction with Directors and key management personnel

There were no transactions with the Directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 22.

28. FINANCIAL INSTRUMENTS

28.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised under MFRS 9 as follows:

(a) Amortised cost ("AC"); and
(b) Fair value through profit or loss ("FVTPL").

	Carrying amount RM'000	AC RM'000	FVTPL RM'000
Financial assets			
31.12.2018			
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)	50,324	50,324	-
Cash and bank balances	3,602	3,602	-
	67,320	53,926	13,394

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.1 Categories of financial instruments (Continued)

	Carrying amount RM'000	AC RM'000
Financial liabilities		
31.12.2018		
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

The table below provides an analysis of financial instruments categorised under MFRS 139 as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit and loss ("FVTPL"); and
(c) Financial liabilities measured at amortised cost ("FL").

	Carrying amount RM'000	L&R RM'000	FVTPL RM'000
Financial assets			
31.12.2017			
Group			
Other investments	446	-	446
Trade and other receivables (excluding prepayments)	71,450	71,450	-
Deposits with licensed banks	22,162	22,162	-
Cash and bank balances	97,592	97,592	-
	191,650	191,204	446

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.1 Categories of financial instruments (Continued)

	Carrying amount RM'000	L&R RM'000	FVTPL RM'000
Company			
Other investments	311	-	311
Trade and other receivables (excluding prepayments)	26,945	26,945	-
Cash and bank balances	7,224	7,224	-
	34,480	34,169	311
1.1.2017			
Group			
Other investments	7,110	-	7,110
Trade and other receivables (excluding prepayments)	421,983	421,983	-
Deposits with licensed banks	25,448	25,448	-
Cash and bank balances	52,552	52,552	-
	507,093	499,983	7,110
Financial assets			
1.1.2017			
Company			
Other investments	6,974	-	6,974
Trade and other receivables (excluding prepayments)	33,524	33,524	-
Cash and bank balances	940	940	-
	41,438	34,464	6,974

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.1 Categories of financial instruments (Continued)

	Carrying amount RM'000	FL RM'000
Financial liabilities		
31.12.2017		
Group		
Loans and borrowings	161,255	161,255
Trade and other payables	124,911	124,911
	286,166	286,166
Company		
Loans and borrowings	50,533	50,533
Trade and other payables	10,130	10,130
	60,663	60,663
Financial liabilities		
1.1.2017		
Group		
Loans and borrowings	355,169	355,169
Trade and other payables	190,677	190,677
	545,846	545,846
Company		
Loans and borrowings	495	495
Trade and other payables	20,271	20,271
	20,766	20,766

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.2 Net gains and losses arising from financial instruments :

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net gains/(losses) arising on				
- Fair value through profit or loss	130	232	130	232
- Loans and receivables	-	1,601	-	(3,785)
- Financial assets at amortised cost	(882)	-	(845)	-
- Financial liabilities measured at amortised cost	(11,176)	(10,958)	(63)	(241)
	(11,928)	(9,125)	(778)	(3,794)

28.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Interest rate risk

28.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (Continued)

Trade receivables and contract assets (Continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

At the reporting date, approximately 82% (31.12.2017 : 68% and 1.1.2017 : 24%) of the Group's trade receivables were due from a group of customers which are past due but not impaired. The Directors of the Company are of the opinion that no allowance for impairment is necessary as the balances are still considered fully recoverable.

Other than the above the Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

The disclosure of the credit risk exposure for trade receivables as at the end of the reporting period by geographic region is not disclosed as the Group's and the Company's business is operated solely in Malaysia.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments except for construction, road paving and property development segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

For construction contracts and road paving, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The Group does not have any significant credit risk from its property development activities as its products are predominantly sold to a large number of property purchasers with end financing facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties revert to the Group in the event of default, and the products do not suffer from physical, technological nor fashion obsolescence.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets (excluded retention sum) as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (Continued)

Trade receivables and contract assets (Continued)

Recognition and measurement of impairment losses (Continued)

	Gross carrying amount RM'000	2018 Loss allowances credit impaired RM'000	Net balance RM'000
Group			
Current (not past due)	24,501	-	24,501
1 - 30 days past due	22,349	-	22,349
31 - 60 days past due	5,367	-	5,367
61 - 90 days past due	3,545	-	3,545
	55,762	-	55,762
Credit impaired			
More than 90 days past due	29,893	-	29,893
Individually impaired	3,893	(3,893)	-
	89,548	(3,893)	85,655
Trade receivables	78,262	(3,893)	74,369
Contract assets	11,286	-	11,286
	89,548	(3,893)	85,655
Company			
Current (not past due)	362	-	362
More than 90 days past due	434	(434)	-
	796	(434)	362

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (Continued)

Trade receivables and contract assets (Continued)

Recognition and measurement of impairment losses (Continued)

The movement in the allowance for impairment losses in respect of trade receivables during the year is as follows:

	Group RM'000	Company RM'000
2018		
Trade receivable credit impaired		
Balance at 1 January as per MFRS 9/MFRS 139	2,161	-
Amount written off	(244)	-
Net remeasurement of loss allowance	1,976	434
Balance at 31 December	3,893	434

Comparative under MFRS 139 Financial Instruments : Recognition and Measurement

The aging of trade receivables as at 31 December 2017 and 1 January 2017 were as follows :

	Gross RM'000	Individual impairment/ Collective impairment RM'000	Net RM'000
Group			
31.12.2017			
Not past due	19,328	-	19,328
Past due less than 30 days	14,927	-	14,927
Past due 31 - 60 days	8,061	-	8,061
Past due 61 - 90 days	4,179	-	4,179
Past due more than 90 days	16,507	(2,161)	14,346
	63,002	(2,161)	60,841

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (Continued)

Trade receivables and contract assets (Continued)

Comparative under MFRS 139 Financial Instruments : Recognition and Measurement (Continued)

	Gross RM'000	Individual impairment/ Collective impairment RM'000	Net RM'000
Company			
31.12.2017			
Not past due	-	-	-
Past due less than 30 days	372	-	372
Past due 31 - 60 days	142	-	142
Past due 61 - 90 days	-	-	-
Past due more than 90 days	417	-	417
	931	-	931
Group			
1.1.2017			
Not past due	311,883	-	311,883
Past due less than 30 days	26,749	-	26,749
Past due 31 - 60 days	22,240	-	22,240
Past due 61 - 90 days	16,224	-	16,224
Past due more than 90 days	36,260	(2,343)	33,917
	413,356	(2,343)	411,013
Company			
1.1.2017			
Not past due	-	-	-
Past due less than 30 days	111	-	111
Past due 31 - 60 days	5	-	5
Past due 61 - 90 days	148	-	148
Past due more than 90 days	728	-	728
	992	-	992

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (Continued)

Trade receivables and contract assets (Continued)

Comparative under MFRS 139 Financial Instruments : Recognition and Measurement (Continued)

Impairment losses

The movements in the allowance for impairment losses of trade receivables during the financial year were :

	Group 2017 RM'000
At 1 January	2,343
Impairment loss recognised	244
Impairment loss reversal	(425)
At 31 December	2,162

The allowance account in respect of receivable is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Investments and other financial assets

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group.

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. Management does not expect any counterparty to fail to meet its obligations. The Group does not have overdue investments that have not been impaired.

The investments and other financial assets are unsecured.

Inter company balances

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (Continued)

Inter company balances (Continued)

Recognition and measurement of impairment loss (Continued)

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

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 31 December 2018.

	Gross carrying amount RM'000	Impairment loss allowances RM'000	Net balance RM'000
Company			
2018			
Low credit risk	49,161	-	49,161
Credit impaired	6,840	(6,840)	-
	56,001	(6,840)	49,161

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

	2018 RM'000	2017 RM'000
At 1 January as per MFRS9/MFRS139	6,349	2,498
Impairment loss recognised	491	3,851
At 31 December	6,840	6,349

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.4 Credit risk (Continued)

Financial guarantees (Continued)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM100.46 million (31.12.2017: RM103.10 million; 1.1.2017: RM346.17 million) representing the outstanding banking facilities to certain subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

28.5 Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash, cash convertible investments and committed credit lines to meet its working requirements.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.5 Liquidity risk (Continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
31.12.2018							
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	-

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.5 Liquidity risk (Continued)

Maturity analysis (Continued)

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
31.12.2017							
Group							
Non-derivative financial liabilities							
Term loans and SUKUK	94,973	4.50 - 8.60	106,451	59,189	11,837	35,425	-
Revolving credit	34,800	5.65	34,800	34,800	-	-	-
Finance lease liabilities	8,153	3.30 - 7.42	8,990	3,522	2,711	2,757	-
Bank overdraft	19,226	6.65	19,226	19,226	-	-	-
Bankers' acceptance	4,103	4.65 - 4.80	4,103	4,103	-	-	-
Trade and other payables	124,911	-	124,911	124,911	-	-	-
	286,166		298,481	245,751	14,548	38,182	-
Company							
Non-derivative financial liabilities							
SUKUK	50,000	4.50 - 4.60	50,000	50,000	-	-	-
Finance lease liabilities	533	4.66 - 7.42	621	161	160	300	-
Trade and other payables	10,130	-	10,130	10,130	-	-	-
Financial guarantee	-	-	103,102	103,102	-	-	-
	60,663		163,853	163,393	160	300	-

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.5 Liquidity risk (Continued)

Maturity analysis (Continued)

	Carrying amount RM'000	Contractual interest rates %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
1.1.2017							
Group							
Non-derivative financial liabilities							
Term loans	295,262	5.80 - 8.60	304,773	268,339	8,951	25,950	1,533
Revolving credit	33,054	5.50 - 5.65	33,054	33,054	-	-	-
Finance lease liabilities	8,992	3.90 - 7.42	10,178	3,034	3,501	3,643	-
Bank overdraft	17,861	6.65	17,861	17,861	-	-	-
Trade and other payables	190,677	-	190,677	190,677	-	-	-
	545,846		556,543	512,965	12,452	29,593	1,533
Company							
Non-derivative financial liabilities							
Finance lease liabilities	495	4.66 - 7.42	586	126	126	334	-
Trade and other payables	20,271	-	20,271	20,271	-	-	-
Financial guarantee	-	-	346,177	346,177	-	-	-
	20,766		367,024	366,574	126	334	-

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.6 Interest rate risk

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

The Group's interest rate risk arises primarily from interest-earning financial assets and interest-bearing financial liabilities. Borrowings and deposits at floating rates expose the Group to cash flow interest rate risk. Borrowings and receivables at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was :

	Group		
	31.12.2018 RM'000	**31.12.2017 RM'000**	**1.1.2017 RM'000**
Fixed rate instrument			
Financial assets			
- Amount due from a related party	-	-	256,939
- Deposits placed with licensed banks	17,388	22,162	25,448
	17,388	22,162	282,387
Financial liability			
- Finance lease liabilities	6,190	8,153	8,992
Floating rate instrument			
Financial liabilities			
- Term loans and SUKUK	89,378	94,973	295,262
- Revolving credit	38,000	34,800	33,054
- Bank overdraft	19,497	19,226	17,861
- Bankers' acceptance	3,586	4,103	-
	150,461	153,102	346,177

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.6 Interest rate risk (Continued)

Exposure to interest rate risk (Continued)

	Company		
	31.12.2018 RM'000	31.12.2017 RM'000	1.1.2017 RM'000
Fixed rate instrument			
Financial liability			
- Finance lease liabilities	395	533	495
Floating rate instrument			
Financial liability			
- SUKUK	50,000	50,000	-

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's post-tax loss or profit would have been increased/decreased by RM572,000 (31.12.2017 : RM582,000, 1.1.2017 : RM1,315,000) and the Company's post-tax profit would have been decreased by RM190,000 (31.12.2017 : RM190,000, 1.1.2017 : Nil). The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

28.7 Fair value information

The carrying amounts of cash and bank balances, receivables and payables approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.7 Fair value information (Continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	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	Total fair value RM'000	Carrying amount RM'000
Group										
31.12.2018										
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
31.12.2017										
Financial assets										
Other investments	446	-	-	446	-	-	-	-	446	446
Financial liabilities										
Term loans	-	-	-	-	-	-	44,973	44,973	44,973	44,973
Financial lease liabilities	-	-	-	-	-	-	8,153	8,153	8,153	8,153
	-	-	-	-	-	-	53,126	53,126	53,126	53,126

Notes to the Financial Statements (Continued)

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.7 Fair value information (Continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Group										
1.1.2017										
Financial assets										
Other investments	7,110	-	-	7,110	-	-	-	-	7,110	7,110
Financial liabilities										
Term loans	-	-	-	-	-	-	295,262	295,262	295,262	295,262
Financial lease liabilities	-	-	-	-	-	-	8,992	8,992	8,992	8,992
	-	-	-	-	-	-	304,254	304,254	304,254	304,254
Company										
31.12.2018										
Financial asset										
Other investments	13,394	-	-	13,394	-	-	-	-	13,394	13,394
Financial liability										
Financial lease liabilities	-	-	-	-	-	-	395	395	395	395

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.7 Fair value information (Continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	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	Total fair value RM'000	Carrying amount RM'000
31.12.2017										
Financial asset										
Other investments	311	-	-	311	-	-	-	-	311	311
Financial liability										
Financial lease liabilities	-	-	-	-	-	-	533	533	533	533
Company										
1.1.2017										
Financial asset										
Other investments	6,974	-	-	6,974	-	-	-	-	6,974	6,974
Financial liability										
Financial lease liabilities	-	-	-	-	-	-	495	495	495	495

The Company provides guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantee is negligible as the probability of the subsidiaries defaulting on the credit lines is remote.

28. FINANCIAL INSTRUMENTS (CONTINUED)

28.7 Fair value information (Continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2017 : no transfer in either directions)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The carrying amount of floating rate term loans approximately fair value as their effective interest rate changes accordingly to movements in the market interest rate.

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended 31 December 2018.

30. SEGMENT INFORMATION

The Group is organised into five major business segments for each of the strategic business units, the Chief Operating Decision Maker ("CODM") (ie. The Group's Managing Director/Executive Committee) reviews internal management reports at least on a quarterly basis.

(i) Property development - the development of residential and commercial properties

(ii) Road building and quarry - civil engineering contractor and granite quarry operator

(iii) Engineering and construction - building and general contractor.

(iv) Leisure and hospitality - golf resort owner and operator, hotel operation and water theme park operator

(v) Investment holding - provision of management services and others

Segment profit

Performance is measured based on segment from profit as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by CODM.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and land held for development.

Notes to the Financial Statements (Continued)

30. SEGMENT INFORMATION (CONTINUED)

	Property development RM'000	Road building and quarry RM'000	Engineering and construction RM'000	Leisure and hospitality RM'000	Investment holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
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
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

30. SEGMENT INFORMATION (CONTINUED)

	Property development RM'000	Road building and quarry RM'000	Engineering and construction RM'000	Leisure and hospitality RM'000	Investment holding RM'000	Total reportable segments RM'000	Elimination RM'000	Consolidated RM'000
2017								
Revenue								
External sales	81,368	101,383	53,744	7,680	2,532	251,707	-	251,707
Inter-segment sales	132	-	70,504	1,204	27,633	99,473	(99,473)	-
Total revenue	81,500	101,383	129,048	8,884	30,165	351,180	(99,473)	251,707
Segment profit/(loss)	(29,600)	13,264	3,192	(2,584)	9,667	(6,061)	(4,849)	(10,910)
Included in the measure of segment profit are:								
- Finance income (including unwinding of discount on non-current receivables)	1,002	125	322	-	311	1,760	(78)	1,682
- Finance costs	2,916	442	2,138	51	241	5,788	(68)	5,720
Assets								
Segment assets	537,502	95,756	86,846	35,199	34,561	789,864	-	789,864
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	733	4,851	207	18,143	996	24,930	-	24,930
- Land held for development	22,153	-	-	-	-	22,153	-	22,153
Liabilities								
Segment liabilities	147,105	2,571	76,677	5,616	57,007	288,976	-	288,976
Other information								
Tax expense	(1,875)	2,266	966	10	-	1,367	-	1,367
Depreciation of property, plant and equipment	1,132	4,835	367	1,052	1,705	9,091	79	9,170

Geographical segments

No information on geographical segment is presented as the Group's business is operated solely in Malaysia.

30. SEGMENT INFORMATION (CONTINUED)

Major customers

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

	2018 RM'000	2017 RM'000
Customer A	34,250	63,576
Customer B	42,256	-
Customer C	-	39,942

31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

31.1 Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's and the Company's financial statements.

a. Consolidated statement of financial position

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
31 December 2017			
Assets			
Non-current assets			
Property, plant and equipment	98,703	-	98,703
Investment property	36,000	-	36,000
Other investments	446	-	446
Land held for property development	344,437	(344,437)	-
Inventories	-	332,343	332,343
Deferred tax assets	190	-	190
Total non-current assets	479,776	(12,094)	467,682

31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

31.1 Impacts on financial statements (Continued)

a. Consolidated statement of financial position (Continued)

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
31 December 2017			
Assets			
Current assets			
Inventories	37,505	54,921	92,426
Property development costs	55,842	(55,842)	-
Contract assets	-	27,182	27,182
Contract cost	-	11	11
Trade and other receivables	99,340	(26,144)	73,196
Current tax assets	9,613	-	9,613
Deposits with licensed banks	22,162	-	22,162
Cash and bank balances	97,592	-	97,592
Total current assets	322,054	128	322,182
Total assets	801,830	(11,966)	789,864
Equity			
Share capital	331,020	-	331,020
Reserves	184,708	(14,862)	169,846
Total equity attributable to owner of the Company	515,728	(14,862)	500,866
Non-controlling interests	22	-	22
Total equity	515,750	(14,862)	500,888
Liabilities			
Deferred tax liabilities	101	-	101
Loan and borrowings	36,461	-	36,461
Total non-current liabilities	36,562	-	36,562

31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

31.1 Impacts on financial statements (Continued)

a. Consolidated statement of financial position (Continued)

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
31 December 2017			
Liabilities			
Trade and other payables	124,724	187	124,911
Contract liabilities	-	2,709	2,709
Loan and borrowings	124,794	-	124,794
Total current liabilities	249,518	2,896	252,414
Total liabilities	286,080	2,896	288,976
Total equity and liabilities	801,830	(11,966)	789,864

	As previously stated RM'000	MFRS 15 adjustments RM'000	As restated RM'000
1 January 2017			
Assets			
Property, plant and equipment	83,081	-	83,081
Investment property	36,000	-	36,000
Other investments	7,110	-	7,110
Land held for property development	302,200	(302,200)	-
Inventories	-	302,200	302,200
Deferred tax assets	1,056	-	1,056
Total non-current assets	429,447	-	429,447
Contract assets	-	42,513	42,513
Contract cost	-	57	57
Trade and other receivables	465,657	(42,513)	423,144
Property development costs	97,923	(97,923)	-
Inventories	22,895	87,651	110,546
Current tax assets	586	-	586
Deposits with licensed banks	25,448	-	25,448
Cash and bank balances	52,552	-	52,552
Total current assets	665,061	(10,215)	654,846
Total assets	1,094,508	(10,215)	1,084,293

31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

31.1 Impacts on financial statements (Continued)

a. **Consolidated statement of financial position (Continued)**

	As previously stated RM'000	MFRS 15 adjustments RM'000	As restated RM'000
1 January 2017			
Equity			
Share capital	303,855	-	303,855
Reserves	233,143	(10,215)	222,928
Total equity attributable to owners of the Company	536,998	(10,215)	526,783
Non-controlling interests	55	-	55
Total equity	537,053	(10,215)	526,838
Liabilities			
Deferred tax liabilities	101	-	101
Loans and borrowings	36,042	-	36,042
Total non-current liabilities	36,143	-	36,143
Contract liabilities	-	3,706	3,706
Trade and other payables	194,383	(3,706)	190,677
Current tax payables	7,802	-	7,802
Loans and borrowings	319,127	-	319,127
Total current liabilities	521,312	-	521,312
Total liabilities	557,455	-	557,455
Total equity and liabilities	1,094,508	(10,215)	1,084,293

31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

31.1 Impacts on financial statements (Continued)

b. Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
Continuing operations			
Revenue	251,707	-	251,707
Cost of sales	(194,022)	(4,647)	(198,669)
Gross profit	57,685	(4,647)	53,038
Selling and marketing expenses	(18,438)	-	(18,438)
Administrative expenses	(43,982)	-	(43,982)
Other operating income	4,792	-	4,792
Other operating expenses	(600)	-	(600)
Results from operating activities	(543)	(4,647)	(5,190)
Finance costs	(5,720)	-	(5,720)
Loss before tax	(6,263)	(4,647)	(10,910)
Tax expense	(1,367)	-	(1,367)
Loss for the year representing total comprehensive expense for the year	(7,630)	(4,647)	(12,277)
Loss and total comprehensive income for the year attributable to :			
Owners of the Company	(7,597)	(4,647)	(12,244)
Non-controlling interests	(33)	-	(33)
Loss and total comprehensive expenses for the year	(7,630)	(4,647)	(12,277)

31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

31.1 Impacts on financial statements (Continued)

b. Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017 (Continued)

	As previously reported RM'000	As restated RM'000
Basic loss per ordinary shares	(2.50)	(4.03)

c. Consolidated statement of cash flows

	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
For the year ended 31 December 2017			
Profit before tax	(6,263)	(4,647)	(10,910)
Adjustment for :			
Changes in inventories	(14,610)	2,587	(12,023)
Changes in contract assets	(156)	15,487	15,331
Changes in trade and other receivables	366,318	(16,369)	349,948
Changes in trade and other payables	(69,659)	3,893	(65,766)
Changes in contract liabilities	-	(997)	(997)
Changes in contract cost	-	46	46
Others	(10,318)	-	(10,317)
Net cash from operating activities	265,312	-	265,312

31.2 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted :

i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

31.2 Accounting for financial instruments (Continued)

a. Transition (Continued)

ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application :

- the determination of the business model within which a financial asset is held; and
- the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

iii) If an investment in a debt security had low credit risk at date of initial application of MFRS 9, the Group has assumed that the risk on the asset had not increased significantly since its initial recognition.

iv) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9

Trade and other receivables are classified from loan and receivables to amortised cost under MFRS 9. There are no changes in the allowance for impairment of trade receivables that was recognised in opening retained earnings at 1 January 2017.

31.3 Accounting for revenue

In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted :

(a) for completed contracts, the Group does not restate contracts that :

(i) begin and end within the same annual reporting period; or
(ii) are completed contracts at the beginning of the earliest period presented.

If this practical expedient is not applied, revenue for the current year is expected to be higher because performance obligations where revenue was recognised previously could have been recognised in the current year.

(b) for completed contracts that have variable consideration, the Group uses the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.

The Group is unable to estimate the effects arising from the application of this practical expedient.

31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

31.3 Accounting for revenue (Continued)

(c) for contracts that were modified before the beginning of the earliest period presented, the Group does not retrospectively restate the contract for those contract modifications. Instead, the Group or the Company reflects the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when :

(i) identifying the satisfied and unsatisfied performance obligations;
(ii) determining the transaction price; and
(iii) allocating the transaction price to the satisfied and unsatisfied performance obligations.

The application of this practical expedient is not expected to have material impact to the Group.

(d) for comparatives, the Group does not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Group expects to recognise revenue.

The following are the changes in revenue recognition from the adoption of MFRS 15 :

i) Revenue recognition

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Property development and construction contracts	If the outcome of a property development and construction contract could be estimated reliably, then contract revenue was recognised in proportion to the stage of completion of the contract. The stage of completion was assessed with reference to surveys of work performed. Otherwise, contract revenue was recognised only to the extent of contract costs incurred that were likely to be recoverable. Contract expenses were recognised as they were incurred. An expected loss on a contract was recognised immediately in profit or loss. Advances received were included in deferred revenue.	Under MFRS 15, revenue is recognised over time by reference to the cost incurred over the estimated cost. The related costs are recognised in profit or loss when they are incurred. Advances received are now included in contract liabilities.

31. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

31.3 Accounting for revenue (Continued)

ii) Loss arising from affordable house of RM13.95mil (1.1.2017: RM10.2mil) has been recognised to retained earnings instead of form part of the cost of constructing the premium inventories (capitalised under land held from development); and

iii) Classification of land held for development and property development cost to inventories, and accrued billings and progress billings to contract assets and liabilities respectively.

31.4 Accounting for borrowing cost

Arising from the Tentative Agenda Decision issued by the IFRS Interpretation Committee relating to the capitalisation of borrowing costs for the construction of development projects where revenue is recognised over time, the Group has ceased capitalisation of borrowing costs on development properties upon sales launched. The impact to financial year ended 31 December 2017 was RM911,000 which cannot be treated as qualifying assets and therefore should be expensed off rather than capitalised.

Statement by Directors

pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 94 to 196 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

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

....

Dato' Asri bin Hamidin @ Hamidon
Director

....

Haji Abdul Rahman bin Abdullah
Director

Alor Setar,

Date : 19 March 2019

BINA DARULAMAN BERHAD
(Company No. 332945 - X)
(Incorporated in Malaysia)

and its subsidiaries

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Fakhruzi bin Ahmad**, the officer primarily responsible for the financial management of Bina Darulaman Berhad, do solemnly and sincerely declare that the financial statements set out on pages 94 to 196 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Fakhruzi bin Ahmad**, NRIC: 750410-02-6151, MIA CA 39966 at Alor Setar in the State of Kedah Darul Aman on 19 March 2019.

....
Fakhruzi bin Ahmad

Before me:

....
Wan Mohd Fathi Bin Wan Abdullah
(No. K101)
Commissioner for Oaths
Kedah Darul Aman

Independent Auditors' Report

TO THE MEMBERS OF BINA DARULAMAN BERHAD

(Company No. 332945 - X)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Bina Darulaman Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 94 to 196.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters (continued)

Revenue and cost recognition on the sales of properties under constructions

Refer to the Notes 17 and 18 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group recognises revenue and cost of units sold relating to properties under construction based on the stage of completion. The stage of completion of the said properties is determined by the proportion that the actual property development costs incurred for work performed to date to the estimated total property development costs. The recognition of revenue and cost is therefore dependent on the Group's estimated gross development costs, which includes estimates and judgement by the Directors on costs to be incurred in the development. There is a risk that the actual development costs are different to those estimated resulting in material variance in the amount of profit or loss recognised to date and in the current period.	Our audit procedures performed in this area included, among others: • Tested the Group's controls by checking for evidence of reviews and approvals over development cost, setting budgets and authorising and recording of actual costs incurred; • Compared the architect certificate against stage of completion of certain projects to ascertain the reasonableness of the percentage of completion recognised in the profit or loss; • Challenged the assumptions in deriving at the estimates of development costs. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated cost to suppliers' agreements or tenders and considered allowance for cost increase included in these estimates; and • Agreed a sample of costs incurred to date to invoice and/or progress claim, checked that they were allocated to the appropriate construction site, and met the definition of development costs.

Key Audit Matters (continued)

Adopting MFRS 15 *Revenue from Contracts with Customers*

Refer to Note 2(n) - Significant accounting policy: Revenue

The key audit matter	How the matter was addressed in our audit
MFRS 15 *Revenue from Contracts with Customers* became effective on 1 January 2018. Arising from the adoption of MFRS 15, the Group and the Company were required to change accounting policies on revenue recognition. Consequently, new judgements were required to evaluate contracts with customers, in particular on the number of performance obligations, allocation of transaction price to each performance obligation and the determination of whether revenue for each contract is to be recognised over time or at a point in time and new disclosures were made in the financial statements. The accounting policy changes arising from adoption of MFRS 15 is a key audit matter because it : • required involvement of our more senior personnel to assess the evaluation of the contracts with the customers performed by the Group; and • required us to exercise significant judgement to assess the allocation of transaction price to each performance obligation and the timing of revenue recognition.	We performed the following audit procedures, among others: • Compared the accounting policies adopted with the requirements of MFRS 15. • Reviewed and gained an understanding of the Group's new or revised processes, systems and controls implemented. • Obtained an understanding of the basis of the key judgements made for the revenue recognition and compared them with the requirements of the accounting standard. • Evaluated the estimates made for the revenue recognition by determining that inputs applied were not biased and these were reasonable and supportable. • Assessed the completeness, accuracy and appropriateness of disclosures as required by MFRS 15.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

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

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

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Tai Yoon Foo
Approval Number : 02948/05/2020 J
Chartered Accountant

Date : 19 March 2019
Penang

List of Main Properties

No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
BINA DARULAMAN BERHAD								
1	Lot 120, Section 34, Bandar Alor Setar, Kedah Darul Aman	Land	8,095 sq meter	Leasehold (Expiring 2083)	-	-	2002	4,762,500
2	Lot 120, Section 34, Bandar Alor Setar, Kedah Darul Aman	10-Storey Office Building	8,095 sq meter	Leasehold (Expiring 2083)	13	-	2004	8,020,376
3	GM 178050 Lot 8867, Bandar Darulaman, Daerah Kubang Pasu, Kedah Darul Aman	8-Storey Serviced Apartments	6,003.9 sq meter	Freehold	11	-	2005	16,356,000
4	GM 178050 Lot 8867, Bandar Darulaman, Daerah Kubang Pasu, Kedah Darul Aman	Land	6,003.9 sq meter	Freehold	-	-	2005	
5	HS (D) 1175, PT 1716 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	1,890 sq meter	Leasehold (Expiring 2073)	-	-	2013	793,473
6	HS (D) 1176, PT 1717 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	1,890 sq meter	Leasehold (Expiring 2073)	-	-	2013	
7	HS (D) 1117, PT 1718 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	22,890 sq meter	Leasehold (Expiring 2073)	-	-	2013	
8	HS (D) 1178, PT 1719 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	3,240 sq meter	Leasehold (Expiring 2073)	-	-	2013	
9	HS (D) 1179, PT 1720 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	2,220 sq meter	Leasehold (Expiring 2073)	-	-	2013	
10	HS (D) 1180, PT 1721 Bandar Kuah, Langkawi Kedah Darul Aman	Land for Development	4,070 sq meter	Leasehold (Expiring 2073)	-	-	2013	
11	HS (D) 69188 - 69197, PT 2333 - 2342 Mukim Sungai Ular, Kulim Kedah Darul Aman	Land for Development	151.41 hectares	Freehold	-	-	2014	39,949,403
12	HS (D) 2979, PT 2516 Bandar Pokok Sena, Pokok Sena, Kedah Darul Aman	Land for Development	51.45 hectares	Freehold	-	-	2014	17,153,652

No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
13	HS (D) 126043, PT 2416 HS (D) 126045, PT 2418 HS (D) 126050, PT 2423 HS (D) 34392, PT 65003 Bandar Amanjaya, Kuala Muda, Kedah Darul Aman	Land for Development	60.03 hectares	Freehold	-	-	2014	48,407,068
14	HS (D) 90453, PT 48856 Bandar Sungai Petani Kuala Muda Kedah Darul Aman	Land for Development	33.04 hectares	Freehold	-	-	2014	
15	GRN 11523, 1659 Mukim Hosba, Kubang Pasu, Kedah Darul Aman	Land for Development	83.49 hectares	Freehold	-	-	2014	58,943,886
16	HS (D) 1149 & 1150, PT 2042 & 2043, Mukim Ulu Melaka, Langkawi, Kedah Darul Aman	Land for Development	79.30 hectares	Leasehold (Expiring 2111)	-	-	2014	45,468,000
	HS (D) 1151, PT 2044 Mukim Ulu Melaka, Langkawi, Kedah Darul Aman	Building	12.26 hectares					
BDB INFRA SDN. BHD.								
1	127 Taman Tunku Hosna Jalan Tanjung Bendahara 05300 Alor Setar Kedah Darul Aman	Commercial land with a 3-storey shop office	130 sq meter	Freehold	21	-	1996	265,970
2	128 Taman Tunku Hosna Jalan Tanjung Bendahara 05300 Alor Setar Kedah Darul Aman	Commercial land with a 3-storey shop office	130 sq meter	Freehold	21	-	1996	
3	HS (M) 70/1986 PT 70 Bandar Alor Setar Daerah Kota Setar Kedah Darul Aman	Land held for Development	130 sq meter	Freehold	-	-	1999	143,673
4	8 Bungalow Lots at Kulim Golf & Country Resort HS (D) 369/ 1996, PT 591 Mukim Pdang China, Daerah Kulim, Kedah Darul Aman	Bungalow Lots		Freehold	-	-	2010	1,090,000

No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
	HS (D) 1424, PT 1730 - Plot No. B718 HS (D) 1425, PT 1731 - Plot No. B719 HS (D) 1426, PT 1732 - Plot No. B720 HS (D) 1427, PT 1733 - Plot No. B721 HS (D) 1428, PT 1734 - Plot No. B722 HS (D) 1429, PT 1735 - Plot No. B723 HS (D) 1319, PT 1625 - Plot No. A613 HS (D) 1238, PT 1544 - Plot No. A532		6,315 sq ft 6,002 sq ft 6,292 sq ft 6,114 sq ft 6,094 sq ft 6,459 sq ft 6,243 sq ft 7,065 sq ft					
5	HS (M) 151 PT 315 Pekan Sungai Karangan, Daerah Kulim, Kedah Darul Aman	Industrial Land	20,230 sq meter	Freehold	-	-	2016	4,982,580
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 2083	30	-	1984	1,050,323
2	HS (D) 5439 PT 3908 Seksyen 8, Bandar Pokok Sena Daerah Pokok Sena Kedah Darul Aman	Land for Development	32.82 acres	-	-	-	2016	8,686,286
3	Lot 2506 Mukim Sayung Daerah Kuala Kangsar Perak Darul Ridzuan Lot no. 14295 to 14306, Lot no.14308 to 14315, Lot no. 14307, Lot no. 14316 to 14338, Lot no. 14339 to 14346, Lot no. 14347, Lot no. 14259 to 14294	Residential Development	8.6 acres	-	-	-	2016	5,200,000

No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
4	No. Hakmilik 127938 Lot 2541 Pekan Napoh Daerah Kubang Pasu Kedah Darul Aman	Land for Development	13.61 acres	-	-	-	2016	7,113,175
5	Bandar Serdang	Land for Development	-	-	-	-	2015	2,374,400
BDB LAND SDN. BHD.								
1	HS (D) 17297 PT. 7263 HS (D) 17298 PT. 7264 HS (D) 17299 PT. 7266 HS (D) 17300 PT. 7266 Lot 891 Bandar Darulaman Kedah Darul Aman	Agriculture	4.08 acres	Freehold	-	-	1983	4
2	GRN 42482 Lot 910 Bandar Darulaman Kedah Darul Aman	Agriculture	1.13 acres	Freehold	-	-	1983	1
3	GRN 42483 Lot 911 Bandar Darulaman Kedah Darul Aman HS (D) 17909 PT 1825 HS (D) 17910 PT 1826 HS (D) 17911 PT 1827 HS (D) 17912 PT 1828 HS (D) 17913 PT 1829 HS (D) 17914 PT 1830	Building	0.61 acres	Freehold	-	-	1983	1
4	GRN 42484 Lot 909 Bandar Darulaman Kedah Darul Aman	Agriculture	2.32 acres	Freehold	-	-	1983	1
5	GRN 42485 Lot 892 Bandar Darulaman Kedah Darul Aman	Building	0.55 acres	Freehold	-	-	1983	1
6	HS (D) 1174 PT 4691 Mukim Naga Kedah Darul Aman	Agriculture	4.60 acres	Freehold	-	-	1983	1
7	HS (D) 384 PT 3993 - HS (D) 390 PT 3999 (Suasana Indah) Plot 42 - Plot 48 Mukim Naga Kedah Darul Aman	Building	0.83 acres	Freehold	-	-	1983	1,025,468

List of Main Properties (Continued)

No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
8	HS (D) 17949 - 17976 PT 1596 - 1625 HS (D) 18044 - 18095 PT 1693 - 1744 Plot 235, Mukim Naga Kedah Darul Aman	Residential	27.21 acres	Freehold	-	-	1983	109,291
9	HS (D) 17977 - 17988 PT 1626 - 1637 Plot 236, Mukim Naga Kedah Darul Aman	Residential	15.36 acres	Freehold	-	-	1983	140,051
10	HS (D) 579 PT 4188 Plot 237, Mukim Naga Kedah Darul Aman	Agriculture	43.98 acres	Freehold	-	-	1983	332,843
11	HS (D) 580 PT 4189 Plot 238, Mukim Naga Kedah Darul Aman	Agriculture	132.14 acres	Freehold	-	-	1983	1,816,055
12	HS (D) 581 PT 4190 Plot 239, Mukim Naga Kedah Darul Aman	Agriculture	0.34 acres	Freehold	-	-	1983	1
13	Geran 5035 PT 1237 Mukim Jitra Daerah Kubang Pasu Kedah Darul Aman	Agriculture	43.12 acres	Freehold	-	-	1983	470,060
14	SP 6986 PT 440 Mukim Jitra Daerah Kubang Pasu Kedah Darul Aman	Residential	4.92 acres	Freehold	-	-	1983	49,828
15	SP 6987 PT 441, Mukim Jitra Daerah Kubang Pasu HS (D) 19284 - 19289 PT 2170 - 2175 HS (D) 19295 - 192927 PT 2181 - 2183 HS (D) 3171 PT 2093 HS (D) 20211 PT 4619 HS (D) 20215 PT 4623	Residential	84.47 acres	Freehold	-	-	1983	220,008
16	HS (D) 3356 PT 2059 HS (D) 3165 PT 2061 HS (D) 3170 PT 2092 HS (D) 3172 PT 2094 Bandar Darulaman Kedah Darul Aman	Agriculture/ Building	213.06 acres	Freehold	-	-	1983	1,394,339
	HS (D) 16284 Lot 281 Bandar Darulaman Kedah Darul Aman	Agriculture	13.60 acres		-	-	1983	1

No	Title/Location	Brief Description/ Existing Use	Land Area	Tenure	Age of Building (year)	Revaluation (RM)	Date/Year of Acquisition/ Purchase	Net Book Value (RM)
17	HS (D) 20188 PT 4112 HS (D) 20189 PT 4113 HS (D) 20191 PT 4153 HS (D) 20192 PT 4154 Bandar Darulaman Kedah Darul Aman	Residential	1.85 acres 3.27 acres 0.17 acres 0.04 acres	Freehold	-	-	1983	-
18	Lot 3105, 3106 & 3127 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Agriculture	258.51 acres	Freehold	-	-	1995	10,159,864
19	Lot 3107 & 3203 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Residential	155.08 acres	Freehold	-	-	1995	4,820,362
20	Geran No. 65187 Lot 3271 Mukim Sungai Petani Daerah Kuala Muda Kedah Darul Aman	Mixed Development	20.00 acres	Freehold	-	-	1996	1,735,025
21	PT 6933 PT 6934 PT 6935 Kuala Ketil Industrial Estate II Lot 3979 Mukim Tawar Daerah Baling Kedah Darul Aman	Agriculture Agriculture Agriculture	491.52 acres 15.62 acres 2.5 acres	Freehold	-	-	1996	6,437,912
BDB DARULAMAN GOLF RESORT BERHAD								
1	Geran 42474 Lot 898 Mukim Bandar Darulaman Daerah Kubang Pasu Kedah Darul Aman	Golf Course	179.98 acres	Freehold	-	-	1983	7,250,720
2	Geran 178049, Lot 8866 Mukim Bandar Darulaman Daerah Kubang Pasu Kedah Darul Aman	Club House	8.14 acres	Freehold	24	-	1983	5,604,813
AMAN LAGENDA SDN. BHD.								
1	HS (M) 353, PT 1304 Mukim Kedawang Daerah Langkawi Kedah Darul Aman	Industrial Land	5.487 acres	Freehold	-	36,000,000	2015	-
2	HS (M) 354, PT 1301 Mukim Kedawang Daerah Langkawi Kedah Darul Aman	Industrial Land	6.926 acres	Leasehold (Expiring 2089)	-		2015	-

Analysis of Shareholdings

As at 28 February 2019

Paid-up Share Capital	:	RM331,019,698
Types of Shares	:	Ordinary Shares of RM1.00 each
No. of Shareholders	:	3,546
Voting Rights	:	One vote per Ordinary Shares

Distribution of Shareholdings

No.	Size of Holdings	No. of Holders	%	No. of Shares	%
1	Less than 100	218	6.15	2,942	0.00
2	100-1,000	520	14.66	229,240	0.08
3	1,001 - 10,000	1,771	49.94	8,023,917	2.64
4	10,001 - 100,000	873	24.62	26,674,290	8.78
5	100, 001 and below 5%	163	4.60	64,480,200	21.22
6	5% and above	1	0.03	204,444,388	67.28
	TOTAL	**3,546**	**100.00**	**303,854,977**	**100.00**

List of Top 30 Shareholders

As at 28 February 2019

No.	Name	Shareholdings	%
1	Perbadanan Kemajuan Negeri Kedah	204,444,388	67.28
2	CIMSEC Nominees (Tempatan) Sdn Bhd	5,988,700	1.97
3	Loh Eng Cheang	2,623,000	0.86
4	Public Nominees (Tempatan) Sdn Bhd	2,320,100	0.76
5	Onn Ping Lan	2,213,500	0.73
6	Lucky Star Pte Ltd	1,664,500	0.55
7	Teh Seng Hock	1,640,800	0.54
8	Reson Sdn Bhd	1,567,000	0.52
9	Cheng Hon Sang	1,477,000	0.49
10	Ang Hioh	1,381,900	0.45
11	CIMB Islamic Nominees (Tempatan) Sdn Bhd	1,370,000	0.45
12	Lee See Jin	1,279,800	0.42
13	Ooi Beng Liew & Sons Sdn Bhd	1,250,000	0.41
14	Ten Kin Kok	1,170,800	0.39
15	Ang Hioh	1,124,700	0.37
16	Onn Ping Lan	1,093,500	0.36
17	Kwan Chee Tong	1,058,200	0.35
18	Yeo Khee Huat	1,025,000	0.34
19	Huang Phang Lye	922,900	0.30
20	RHB Capital Nominees (Tempatan) Sdn Bhd	920,900	0.30
21	Chean Seng Hong	806,700	0.27
22	HLB Nominees (Tempatan) Sdn Bhd	780,000	0.26
23	Fong Cheong Kok	677,000	0.22
24	Loh Eng Cheang	637,100	0.21
25	Tan Chan Chai	600,000	0.20
26	Cheng Hon Sang	571,000	0.19
27	Tectona (M) Sdn Bhd	508,400	0.17
28	TA Nominees (Tempatan) Sdn Bhd	500,000	0.16
29	RHB Capital Nominees (Tempatan) Sdn Bhd	490,500	0.16
30	Maybank Nominees (Tempatan) Sdn Bhd	490,400	0.16
	TOTAL	**242,597,788**	**79.84**

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Proxy Form

24th Annual General Meeting

CDS Account No.	No. of Shares Held

*I/We ____
(FULL NAME AND IN CAPITAL LETTERS)

*NRIC/Passport/ Company No. (compulsory) ______________________________ Mobile Phone No. ______________________________

Address (in Capital Letters) ____

____

Being a member of **Bina Darulaman Berhad** ("the Company") hereby appoint:

	FULL NAME OF PROXY AS PER NRIC IN CAPITAL LETTERS	No. of Shares	Percentage (%)
Proxy 1	Name:		
	NRIC No./Passport No.:		
	Address:		
Proxy 2	Name:		
	NRIC No./Passport No.:		
	Address:		
	TOTAL		

or failing *him/her, the **CHAIRMAN OF THE MEETING** as *my/our Proxy to attend and vote for *me/us on *my/our behalf at the 24th Annual General Meeting of Bina Darulaman Berhad (BDB or the Company) to be held at Damai Hall, BDB Hotels Sdn Bhd, Lot 888, Bandar Darulaman, 06007, Jitra, Kedah Darul Aman on **Thursday, 25 April 2019, at 10.00 a.m.** or any adjournment thereof, as indicated below:

NO.	RESOLUTIONS		FOR	AGAINST
ORDINARY BUSINESS				
1.	To re-elect Haji Abdul Rahman bin Abdullah retiring pursuant to Article 86 of the Company's Constitution and who, being eligible, offer himself for re-election.	**ORDINARY RESOLUTION 1**		
2.	To re-elect Dato' Asri bin Hamidin @ Hamidon retiring pursuant to Article 86 of the Company's Constitution and who, being eligible, offer himself for re-election.	**ORDINARY RESOLUTION 2**		
3.	To approve the payment of Director's Fees for the Financial Year Ended 31 December 2018.	**ORDINARY RESOLUTION 3**		
4.	To approve the payment of Director's Benefits in accordance with Section 230(1) of the Companies Act 2016 with effect from the 24th Annual General Meeting of the Company.	**ORDINARY RESOLUTION 4**		
5.	To re-appoint Messrs. KPMG PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	**ORDINARY RESOLUTION 5**		
SPECIAL BUSINESS				
6.	**Proposed Amendments of the Company's Existing Memorandum and Articles of Association ("M&A") ("Proposed Amendment")** "THAT the Company's existing M&A be altered, modified, added and/or deleted, as the case may be, in the form and manner as set out in Appendix II of the Circular to Shareholders dated 2 April 2019 accompanying the Company's Annual Report for the financial year ended 31 December 2018; AND THAT the Directors be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendment with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."	**SPECIAL RESOLUTION 6**		

[Please indicate with an "X" in the appropriate box against the resolution how you wish your Proxy to vote. If no instruction is given, this form will be taken to authorise the Proxy to vote at his/her discretion]

*Strike out whichever applicable.
** If you do not wish to appoint the Chairman of the Meeting as your proxy/one (1) of your proxies, please strike out the words "the Chairman of the Meeting" and insert the name(s) of the proxy/proxies you wish to appoint in the blank spaces provided.

Signed this ________ day of ______________, 2019.

____
Signature/Common Seal of Shareholder

AFFIX STAMP

The Company Secretary

BINA DARULAMAN BERHAD
Aras 9, Menara BDB, 88 Lebuhraya Darulaman
05100 Alor Setar
Kedah Darul Aman

Notes:

1. With regards to deposited securities, only members whose names appear in the Record of Depositors as at 18 April 2019 shall be eligible to attend and vote at the meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his stead. A member shall specify the shareholding proportion where two (2) proxies are appointed. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under its common seal or under the hand of an officer or attorney duly authorised in writing.
4. The instrument appointing a proxy shall:
   i. In the case of an individual, be signed by the appointor or by his/her attorney.
   ii. In the case of a corporation, be either under its common seal or under the hand of its duly authorised attorney or officer on behalf of the corporation.
5. The instrument appointing a proxy together with the power of attorney or other authority, shall be deposited at the Company's Registered Office at Aras 9, Menara BDB, 88, Lebuhraya Darulaman, 05100 Alor Setar, Kedah Darul Aman not less than forty eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
6. For the purpose of determining who shall be entitled to attend this meeting the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd ("Depository") in accordance with Rules of the Depository, to issue Record of Depositors and make available to the Company pursuant to Article 52(iii) of the Company's Constitution and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.
7. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that he or she has obtained such proxy(ies) and /or representative's(s') prior consent for the Company's (or its agents) processing of such proxy(ies) and/or representative's(s') personal data for the Purposes, and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.
8. Please refer to the Administrative Details circulated with this notice for the forthcoming 24th Annual General Meeting.
9. Pursuant to Paragraph 8.29 of the Main Market Listing Requirements, all resolutions as set out in the Notice of AGM will put to vote on poll.

Personal Data Privacy

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

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

SPIRIT OF ACHIEVEMENT

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